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May 8, 2019

via Hand Delivery

Donovan Anderson, Esq.
Chairperson
District of Columbia Alcoholic Beverage Control Board
2000 14th Street, NW
Washington, DC 20009

Re: *Opposition to Application of Renewal for ABRA License No. 100648 (Trump Old Post Office LLC)*

Dear Chairperson Anderson:

On June 20, 2018, a group of District of Columbia judges and clergy submitted a complaint requesting a hearing requiring the Trump Old Post Office LLC t/a Trump International Hotel (“TIH”) to show cause why its liquor license (Retailer’s Class C Hotel License, designated ABRA License No. 100648) not be revoked because the true and accurate owner, Donald J. Trump, is not “of good character,” as required by DC law – specifically, DC Code § 25-301(a)(1). Following the submission of that complaint, we filed supplemental briefs and exhibits, as further evidence of Mr. Trump’s bad character multiplied in the public record over time. Both the complaint and the supplements are enclosed herein at Exhibits I-IV.

On September 12, 2018, in response to our submissions, you found that the D.C. Alcoholic Beverage Control Board cannot review an owner’s character and fitness “in the middle of the licensing period,” but can do so when the applicant “applies for ... renewal of a license.” You further noted that the Trump Old Post Office LLC is required to apply for renewal by March 31, 2019, if it seeks to retain its license(s). The September 12, 2018 letter is enclosed at Exhibit V.

The time is now for the Board to determine whether Mr. Trump is “of good character” because his D.C. liquor license is up for renewal. On March 29, 2019, ABRA posted a notice that

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May 8, 2019

the Trump Old Post Office LLC t/a Trump International Hotel Washington DC applied for the renewal of its Class C Hotel liquor license (ABRA-100648), and that petitions/letters of opposition or support are due on or before May 13, 2019. See Exhibit VI.

Please accept this letter and its enclosed materials as a submission in opposition to the renewal of ABRA-100648 because "the true and accurate owner," Donald J. Trump, is not a person "of good character," as required by law. D.C. Code § 25-301(a)(1).

Sincerely,

A handwritten signature in purple ink that reads "Joshua A. Levy". The signature is fluid and cursive, with the first name "Joshua" being the most prominent part.

Joshua A. Levy
Counsel for the Complainants

Enclosures

EXHIBIT I

**THE DISTRICT OF COLUMBIA
ALCOHOLIC BEVERAGE CONTROL BOARD**

<hr/>)	
In the Matter of:)	
)	
Trump Old Post Office, LLC)	License No: ABRA-100648
Trump International Hotel)	
)	
Operator's Retail Permit)	
Of a Retailer's Class C License)	
)	
at premises)	
1100 Pennsylvania Avenue, NW)	
Washington, DC 20004)	
<hr/>)	

BEFORE: Donovan Anderson, Chairperson, Chairperson
 Nick Alberti, Member
 Donald Isaac Sr., Member
 Rema Wahabzadah, Member
 Bobby Cato, Jr., Member
 James Short, Jr., Member
 Mike Silverstein, Member

**COMPLAINT TO SHOW CAUSE WHY THE TRUMP INTERNATIONAL HOTEL
ALCOHOLIC BEVERAGE LICENSE SHOULD BE REVOKED**

I. INTRODUCTION

Under District of Columbia law, only persons of “good character” qualify for the privilege of owning establishments that sell alcoholic beverages in the District of Columbia. D.C. Code § 25-301(a)(1). If the “true and actual owner of the establishment” granted a license to sell alcoholic beverages is not “of good character,” the licensee is in violation of the law, and the Alcoholic Beverage Control Board (the “Board”) may suspend or revoke the license. D.C. Code §§ 25-823(1) and 25-447(c).

Donald Trump, the true and actual owner of the Trump International Hotel, is not a person of good character. The Trump International Hotel nonetheless currently holds a Class C/H license issued by the Board. Thus, pursuant to D.C. Code § 25-447, the undersigned residents of the District of Columbia request that the Board investigate Mr. Trump's lack of good character and require the hotel's licensee, Trump Old Post Office LLC, to appear before the Board to show cause why its license to sell and serve alcoholic beverages at The Trump International Hotel should not be revoked.

Although the Board's "good character" investigations typically occur at the time of license application or renewal, the egregious conduct set forth below, including the many recent events described in this Complaint, necessitate the Board's issuance of an order to show cause at this time. The Board owes it to the public to investigate the owner's lack of good character now.

II. THE LICENSE HELD BY THE TRUMP INTERNATIONAL HOTEL DEPENDS ON DONALD TRUMP'S GOOD CHARACTER.

A. The Trump International Hotel Holds a District of Columbia Liquor License.

The Trump International Hotel, located on Pennsylvania Avenue N.W. in Washington D.C., holds a retailer's Class C/H License that authorizes the hotel to sell and serve spirits, wine and beer for consumption in the "dining rooms, lounges, banquet halls, and other similar facilities on the licensed premises, and in the private rooms of registered guests." D.C. Code §§ 25-113 (e)(1) and (e)(5). On October 2, 2015, Trump Old Post Office LLC, trading as the Trump International Hotel, submitted an application to the Board for a liquor license at the hotel,¹ and, on

¹ The cover letter included with the hotel's initial application is attached hereto as Exhibit 1.

December 3, 2015, the Board granted License No. ABRA-100648, subject to the submission of additional documentation. *See* Exhibit 2.

B. The Law Requires a Licensee's True and Actual Owner to Be of Good Character.

District of Columbia law, D.C. Code § 25-301(a), provides that before issuing, transferring, or renewing a license for the sale and service of alcoholic beverages in the District of Columbia, the Board must determine that the applicant meets a variety of requirements, two of which are pertinent to this Complaint. First, the Board must determine that “the applicant is of good character and generally fit for the responsibilities of licensure.” D.C. Code § 25-301(a)(1). Second, the Board must determine that “the applicant is the true and actual owner of the establishment for which the license is sought, and he or she intends to carry on the business for himself or herself and not as the agent of any other individual, partnership, association, limited liability company, or corporation not identified in the application.” D.C. Code § 25-301(a)(5). Together, these provisions require the true and actual owner of the Trump International Hotel to be of good character.

C. Donald Trump Is the True and Actual Owner of the Trump International Hotel.

At the time of the initial license application for Trump Old Post Office LLC in September, 2015, Donald J. Trump was the President of the Trump Old Post Office Member Corp., its Managing Member, and its controlling stockholder.² As such, Mr. Trump certified that he was the true and actual owner of licensee, Trump Old Post Office LLC. *See* Exhibit 5.

² *See Executive Branch Personnel Public Financial Disclosure Report (OGE Form 278e) for Donald J. Trump*, U.S. Office of Gov't Ethics, May 18, 2016, at 62 & 94 (certifying that DJT Holdings LLC is the majority shareholder of the Old Post Office LLC), <https://www.documentcloud.org/documents/2838686-5-18-16->

Mr. Trump remains the true and actual owner of licensee, Trump Old Post Office LLC. Prior to January 20, 2017, Mr. Trump apparently conveyed his personal stock holdings in Trump Old Post Office Member Corp., to DJT Holdings Managing Member LLC, the Managing Member of DJT Holdings LLC, and conveyed his membership interest in DJT Holdings LLC to the Donald J. Trump Revocable Trust (the “Revocable Trust”).³ Mr. Trump, through counsel, informed the Board that “the cumulative effect of these two transactions is that all beneficial ownership in the licensee previously held by Donald J. Trump, personally, now is held derivatively and beneficially by The Donald J. Trump Revocable Trust.” *See* Exhibit 6. These transactions did not, however, change the fact that Donald J. Trump remains the “true and actual owner” of the licensee. Although Donald Trump is no longer an officer, director, manager, employee or other official in the member-entities of the licensee, he is the ultimate owner of the Revocable Trust which ultimately owns the licensee. Indeed, the Trustees of the Donald J. Trump Revocable Trust have certified to the Board that: (a) “[t]he purpose of the Trust is to hold assets for the exclusive benefit of Donald J. Trump,” (b) “Donald J. Trump, of New York, New York, is the Donor of the Trust,” and (c) “[t]he Donor has the power to revoke the Trust.” *See* Exhibit 7.⁴ Thus, Donald Trump, through his Revocable Trust, remains the true and actual owner of licensee, Trump Old Post Office

[Report.html](#). In a complaint filed in the District of Maryland on June 12, 2017, the District of Columbia and the State of Maryland alleged that Donald J. Trump was the owner of approximately 77.5% of the Trump Old Post Office LLC. *See* Complaint, *District of Columbia v. Trump*, 17-cv-01596-PJM, at ¶ 44 (D.Md., filed Jun. 12, 2017), attached as Exhibit 3, Complaint at ¶ 44. His three children, Donald J. Trump, Jr., Eric Trump, and Ivanka Trump apparently held, through various LLCs, the remaining minority interest in the Trump Old Post Office LLC. *See generally*, March 23, 2017 Letter from Kevin Terry, Contracting Officer for the General Services Administration to Donald Trump, attached as Exhibit 4.

³ *See Executive Branch Personnel Public Financial Disclosure Report (OGE Form 278e) for Donald J. Trump*, U.S. Office of Gov’t Ethics, May 18, 2016, at 62 & 94 (certifying that the Donald J. Trump Revocable Trust is the majority shareholder of DJT Holdings LLC), <https://www.documentcloud.org/documents/2838686-5-18-16-Report.html>.

⁴ Although the Trustees submitted a certification stating the above, they apparently did not submit a copy of the Revocable Trust to the Board, which should be required by the Board in order to make its statutorily required determinations.

LLC, and his “good character” remains a predicate qualification for the licensee’s right to sell and serve alcoholic beverages at the Trump International Hotel.

III. COMPLAINANTS ARE PROMINENT, ACTIVE MEMBERS OF CIVIC AND RELIGIOUS LIFE IN WASHINGTON, D.C.

The following residents of Washington, D.C. believe that the licensee is in violation of the provisions of Title 25 of the D.C. Code requiring that the true and correct owner of an establishment that serves alcoholic beverages in the District of Columbia be of “good character” and hereby request that the Board investigate the matter and hold a show cause hearing as to why the license should not be revoked.⁵

- **The Honorable Joan Goldfrank** is a retired Magistrate Judge of the Superior Court of the District of Columbia who has spent much of her legal career on matters concerning the fitness and ethics of lawyers. She served both as the Executive Attorney of the District of Columbia Board on Professional Responsibility, the body responsible for the discipline of DC attorneys for alleged violation of ethical standards, and as Senior Attorney for the U.S. Department of Justice’s Professional Responsibility Advisory Office, the body responsible for training and advising Department of Justice attorneys on ethical behavior. She is currently a member of the District of Columbia Commission on Judicial Disabilities and Tenure, the independent agency established by Congress to review complaints of misconduct by judges of the District of Columbia Courts and to review requests for reappointment of Active and Senior judges of the District of Columbia courts. She is a resident of the District of Columbia.

⁵ The complainants come before the Board on behalf of themselves and not on behalf of any organizations of which they are a member, officer or director.

- **The Honorable Henry H. Kennedy, Jr.** is an inactive Senior U.S. District Court Judge for the District of Columbia. He began serving on the federal bench in 1997, after having served since 1979 as an Associate Judge of the Superior Court of the District of Columbia. Prior to becoming a judge, he served as a federal prosecutor in D.C. for three years, before which he was an attorney in private practice. He is a resident of the District of Columbia and the State of Florida.
- **Rev. William Lamar IV** is the Senior Pastor at the Metropolitan African Methodist Episcopal Church, in Washington, D.C. Formerly, he was managing director of Leadership Education at the Duke University Divinity School. Rev. Lamar has served congregations in Hyattsville, Maryland; Monticello, Florida; Orlando, Florida; and Jacksonville, Florida. Through his association with Duke, Lamar convened and resourced executive pastors of large churches, denominational finance executives, young denominational leaders, Methodist bishops, and the constituency of Lilly Endowment's Sustaining Pastoral Excellence Program. He is a resident of the District of Columbia.
- **Rev. Jennifer Butler** is the founding Executive Director of Faith in Public Life and the former chair of the White House Council on Faith and Neighborhood Partnerships. Rev. Butler spent ten years working in the field of international human rights representing the Presbyterian Church (USA) at the United Nations and is an ordained minister. While mobilizing religious communities to address the AIDS pandemic and advocate for women's rights she grew passionate about the need to counter religious extremism with a strong religious argument for human rights. Out of that experience

she wrote *Born Again: The Christian Right Globalized*, which was published by University of Michigan Press. She is a resident of the District of Columbia.

- **Rev. Dr. Timothy Tee Boddie**, a Baptist preacher, serves as the General Secretary and Chief Administrative Officer of the Progressive National Baptist Convention in Washington, DC. He served as Pastor of Providence Missionary Baptist Church in Robersonville, NC, senior pastor of the historic Friendship Baptist Church in Atlanta, Georgia, becoming only the sixth pastor in its illustrious 150-year history, and as Associate Minister of the First Church of Newport News. Prior to his pastoral ministry, Dr. Boddie served for 11 years as University Chaplain and Pastor of the Memorial Church at Hampton University in Hampton, Virginia. In 2007, Chaplain Boddie was elected to a one-year term as president of the National Association of College and University Chaplains, becoming the first African-American from a historically Black university to serve this capacity in the organization's then 60-year history.
- **Rabbi Jack Moline** is a Conservative Jewish rabbi, who has served as Executive Director and President of Interfaith Alliance, in the District of Columbia, since 2015. He served as rabbi of Agudas Achim Congregation, in Alexandria, Virginia, from 1987 through 2014, and as Director of Public Policy for the Rabbinical Assembly from 2009 to 2012. In 2008, he was named by *Newsweek* magazine as one of the top pulpit rabbis in America (#3 in a list of 25), and in 2010 and 2011 as one of the 50 most influential rabbis in America.
- **Rabbi Aaron Potek**, an Orthodox Jewish rabbi, who works exclusively with Jews in their 20s and 30s, in the District of Columbia. A passion for working with teens led to

his work with organizations like the Nesiya Institute in Israel, Impact and Genesis in Boston, and Moriah College in Sydney. Rabbi Potek has participated in a variety of interfaith programming. He interned at Beth Israel Congregation in New Orleans, LA, and at Hunter College and Harvard University Hillels. From 2013-2015 he served as the campus rabbi for Northwestern University Hillel. He is a resident of the District of Columbia.

IV. DONALD TRUMP IS NOT A PERSON OF GOOD CHARACTER.

Good character is a threshold requirement for the granting of licenses in the District of Columbia for a variety of professions and business activities, including for a liquor license. Through his behavior both before and during his presidency, Donald J. Trump has demonstrated that he lacks good character. Good character involves an evaluation of an individual's moral and ethical qualities, including such virtues as honesty, integrity, and how a person treats others, particularly those less fortunate and less powerful.

This Complaint limits its focus to only certain, egregious evidence of Mr. Trump's lack of good character that is material to the Board's decision, focusing on certain lies he has told, his involvement in relevant fraudulent and other activity demonstrating his lack of integrity, and his refusal to abide by the law or to stop associating with known criminals. The Board has previously stated that "under § 25-301(a), the Board may also consider an Applicant's propensity for being truthful as part of the 'good character' analysis."⁶ This Complaint is not intended to be comprehensive.⁷ Rather, in accordance with the provisions of D.C. Code § 25-447, it sets forth

⁶ *In re On the Rocks LLC*, D.C. Alcohol Beverage Control Board, Aug. 16, 2017, <https://abra.dc.gov/sites/default/files/dc/sites/abra/publication/attachments/OntheRocks08162017.pdf>.

⁷ Donald J. Trump's character has been the subject of innumerable articles and books, and this Complaint does not seek to repeat or catalog the innumerable actions he has taken throughout his life and/or the numerous false and

“evidence supporting a reasonable belief that [the] licensee . . . is in violation of the provision of this title,” specifically, the provision of the title that requires that the “true and actual owner” be of “good character.” Once the Board commences its statutorily required investigation of Mr. Trump’s “good character,”⁸ the Complaint may be supplemented, as necessary.

A. Donald Trump Has Repeatedly Been Deceitful

Donald J. Trump has a long history of telling lies.⁹ Indeed, it has been said that “President Donald Trump is a nonstop, habitual and compulsive liar.”¹⁰ Although a great deal of attention has been paid to the lies told by Donald J. Trump since he assumed the office of President,¹¹ Donald J. Trump has been lying for years, especially when it comes to his portrayal of himself. Because

misleading statements he has made that evidence his lack of good character. Although the list of references could be much longer, the Board should be aware of the following publications about Mr. Trump’s most notorious lies and misdeeds prior to his being elected President that, separately or together, fairly evidence his lack of good character: (1) TIMOTHY L. O’BRIEN, *TRUMP NATION: THE ART OF BEING THE DONALD* (2005); (2) DAVID CAY JOHNSTON, *THE MAKING OF DONALD TRUMP* (2016); AND (3) MARC FISHER & MICHAEL KRANISH, *TRUMP REVEALED: AN AMERICAN JOURNEY OF AMBITION, EGO, MONEY AND POWER* (2016). Further, many of Mr. Trump’s actions as a candidate for President in 2016 and/either as President-elect or President reflect his continuing lack of good character. As these actions have also been so exhaustively covered by journalists, they are neither repeated nor catalogued in this Complaint.

⁸ The Board is charged with conducting investigations on the basis of valid complaints of any and all violations of the law concerning alcoholic beverage licenses in the District of Columbia, in order to determine whether to suspend or revoke the license to serve and/or sell alcoholic beverages or to impose civil fines as authorized by the law. See D.C. Code § 25.201(c).

⁹ Among his earliest known lies was claiming to be a top student in his graduating class at Wharton. See FISHER & KRANISH, *TRUMP REVEALED*, *supra* note 6, at 47-48. Mr. Trump graduated from Wharton in 1968, but he was not on its dean’s list for 1968. See Alex Raban & Rebecca Tan, *Was Trump Really a Top Student at Wharton? His Classmates Say Not So Much*, *THE DAILY PENNSYLVANIAN*, Feb. 15, 2017 (citing Wharton dean’s list), <http://www.thedp.com/article/2017/02/trump-academics-at-wharton>.

¹⁰ COMMON CAUSE AND DEMOCRACY 21, *THE ART OF THE LIE: TRUMP’S HISTORIC FIRST YEAR FAILURE ON GOVERNMENT INTEGRITY AND ACCOUNTABILITY ISSUES* 3 (Jan. 29, 2018), http://www.democracy21.org/wp-content/uploads/2018/01/ArtoftheLie_D21-CC.pdf.

¹¹ See David Leonhardt & Stuart Thompson, *Trump’s Lies*, *N.Y. TIMES*, Dec. 14, 2017, <https://www.nytimes.com/interactive/2017/06/23/opinion/trumps-lies.html>; see also Glenn Kessler & Meg Kelly, *President Trump Made 2,140 False or Misleading Claims in His First Year*, *WASH. POST*, Jan. 20, 2018, <https://www.washingtonpost.com/news/fact-checker/wp/2018/01/20/president-trump-made-2140-false-or-misleading-claims-in-his-first-year/>; Glenn Kessler, Michelle Yee Hee Lee & Meg Kelly, *President Trump’s List of False and Misleading Claims Tops 1,000*, *WASH. POST*, Aug. 22, 2017, https://www.washingtonpost.com/news/fact-checker/wp/2017/08/22/president-trumps-list-of-false-and-misleading-claims-tops-1000/?utm_term=.81f56310a744.

the number of such lies is too long to list, we simply draw the Board's attention to several lies by Donald Trump that have been revealed since the Board first approved the liquor license for the Trump International Hotel and that support the revocation of the hotel's license.

1. Recently Revealed Lies by Donald Trump about His Net Worth

Donald Trump has lied repeatedly about his net worth, as has been chronicled by journalist Jonathan Greenberg in a *Washington Post* editorial titled, "A Wealth of Lies."¹² As Mr. Greenberg explained, Mr. Trump repeatedly lied about his personal net worth to Mr. Greenberg when he was reporting for *Forbes'* annual ranking of America's richest people in the 1980s. According to Mr. Greenberg, Mr. Trump gave him false information about a variety of subjects in connection with inflating Mr. Trump's net worth and did so by lying about his true identity and speaking in the name of a made-up person.¹³ Because the Board must be able to rely on the true and actual owner's statements regarding the financial condition of the licensee,¹⁴ Mr. Trump's prior lies about his net worth are material to the Board's assessment of his lack of good character.

2. Lies by Donald Trump about Avoiding Conflicts of Interest

Donald Trump has owned directly or indirectly a controlling interest in a number of golf clubs, hotels and other business enterprises which held state and local licenses to serve and sell

¹² See Jonathan Greenberg, *A Wealth of Lies*, WASH. POST, Apr. 22, 2018, https://www.washingtonpost.com/outlook/trump-lied-to-me-about-his-wealth-to-get-onto-the-forbes-400-here-are-the-tapes/2018/04/20/ac762b08-4287-11e8-8569-26fda6b404c7_story.html?utm_term=.f9a608545017.

¹³ This was not the only time that Mr. Trump impersonated a fictitious third person when communicating about himself to the media. In 1980s and 1990s, he habitually tried to deceive members of the New York City media by calling them as an alias (e.g., John Miller, John Barron, John Baron) to discuss Mr. Trump's involvement with different women and to tout himself. See, e.g., Chris Cillizza, *Donald Trump's "John Miller" Interview Is Even Crazier Than You Think*, WASH. POST, May 16, 2016, https://www.washingtonpost.com/news/the-fix/wp/2016/05/16/donald-trumps-john-miller-interview-is-even-crazier-than-you-think/?utm_term=.e7dad3ee3d74.

¹⁴ The Board previously required Donald Trump, as managing member of the LLC that trades as the Trump International Hotel, to sign a financial affidavit certifying under penalty of perjury to financial information regarding that establishment. See Exhibit 8.

alcoholic beverages. Indeed, in connection with the initial application filed with this Board in 2015, Mr. Trump certified that he owned, controlled, or “was associated” with nineteen (19) other businesses which held liquor licenses in the United States. *See* Exhibit 9.

After he was elected President, Donald Trump promised to remove himself from all of his businesses, including the businesses with liquor licenses, in order to avoid the unprecedented conflicts of interest that exist for any President.¹⁵ Indeed, despite noting that he did not believe he was required by law to remove himself from his businesses, he said “I feel it is visually important, as President, to in no way have a conflict of interest with my various businesses.”¹⁶

But he has not removed himself from his businesses as promised. Instead, he has maintained effective ownership of his businesses by transferring his ownership interest to the Revocable Trust. As is typical of revocable trusts, the grantor (donor) of the trust retains the right to revoke or amend the trust and to remove or replace the trustees, if they should fail to act in accordance with his wishes. Further, under the terms of the trust instrument, the trustees are reportedly required to distribute “income or principal” to Mr. Trump “at his request” or “as the Trustees otherwise deem appropriate.”¹⁷ Through the Revocable Trust, Mr. Trump remains the beneficiary of the profits and income generated by the various businesses held by the Revocable

¹⁵ Drew Harwell, *Trump Announces He Will Leave Business ‘in Total’—Leaving Open How He Will Avoid Conflicts of Interest*, WASH. POST, Nov. 30, 2016, https://www.washingtonpost.com/news/business/wp/2016/11/30/trump-announces-he-will-leave-business-in-total-leaving-open-how-he-will-avoid-conflicts-of-interest/?utm_term=.e81bb59ba5d0; Chris Isadore, Christine Alesci & Jill Disis, *Trump Vows to Remove Himself from Business*, CNN, Nov. 30, 2016, <http://money.cnn.com/2016/11/30/news/companies/donald-trump-conflicts-press-conference/index.html>.

¹⁶ Donald J. Trump, @realDonaldTrump, TWITTER, Nov. 30, 2016, 5:54 am, <https://twitter.com/realDonaldTrump/status/803930240661811200>.

¹⁷ Rebecca Ballhaus, *Revised Trust Allows Donald Trump to Withdraw Funds without Public Disclosure*, WALL ST. J., Apr. 3, 2017, <https://www.wsj.com/articles/revised-trust-allows-donald-trump-to-withdraw-funds-without-public-disclosure-1491240970>.

Trust in accordance with his majority interests in those businesses.¹⁸ Thus, despite his promise, Mr. Trump did not actually eliminate his conflicts of interest between being President of the United States and personally benefitting from his actions as President. *See generally* THE ART OF THE LIE at 6 (“After he was elected, he promised to remove himself from all of his business operations. Instead, he simply transferred day-to-day control of the businesses to his sons by forming a revocable trust and retained his financial interests and the ability to profit from them....”).¹⁹

The District of Columbia and the State of Maryland have sued President Trump for violating both the Foreign Emoluments and the Domestic Emoluments Clauses of the U.S. Constitution by, among other acts, accepting financial benefits received from foreign governments as well as the federal and state governments as part of the commercial transactions they have with the Trump International Hotel. *See* Complaint, attached as Exhibit 3, at §§ 34-46; 80-88. Although President Trump claims he is absolutely immune from such claims, the fact that the District of Columbia has sued Donald Trump for legal violations associated with his ownership of the Trump International Hotel is material to the Board’s consideration of his lack of good character. The District’s case is simply the latest indication of Mr. Trump’s effort to avoid the legal requirements that apply to him. At a recent hearing, U.S. District Court Judge Peter J. Messite reportedly

¹⁸ It is worth noting that as President, Donald Trump, is prohibited by the terms of the General Services Administration lease for the Trump International Hotel from obtaining “any benefit” arising from the lease. Because the Revocable Trust broadly requires the Trustees to “distribute net income or principal to Donald J. Trump at his request,” the only way for Mr. Trump to satisfy the GSA that he was not violating the terms of the lease was to adopt a measure by which the tenant “will not make any distributions to . . . any . . . entity in which President Trump has a direct, indirect, or beneficial interest.” *See* Exhibit 4 at p. 7. *See also* Jonathan O’Connell, *Federal Agency Rules Trump’s D.C. Hotel Lease Is in Full Compliance*, WASH. POST, March 23, 2017, https://www.washingtonpost.com/news/digger/wp/2017/03/23/federal-agency-rules-trumps-d-c-hotel-lease-in-full-compliance/?utm_term=.0a38a54c7bef.

¹⁹ *See also* Chase Peterson-Withorn, *Trump Refuses to Divest Assets, Passes Control to Sons*, FORBES, January 11, 2017, <https://www.forbes.com/sites/chasewithorn/2017/01/11/donald-trump-will-hand-over-business/#3b5cf04c60d7>.

“sounded skeptical of the Justice Department’s narrow definition of the ban, asking the government’s lawyer whether the clause would apply to foreign governments’ booking rooms and touting their patronage at Trump’s hotel to ‘get in good’ with the president.”²⁰

3. Lies by Donald J. Trump about Payments to “Stormy Daniels”

President Trump has repeatedly made contradictory statements about a \$130,000 payment by the president’s lawyer Michael Cohen to Stephanie Clifford, a pornographic film actress known as Stormy Daniels.²¹ Mr. Cohen professed to have used his own funds to make this payment to Ms. Clifford without reimbursement from the Trump Organization or the Trump Campaign,²² and President Trump initially told reporters that he did not know about the \$130,000 payment made by Mr. Cohen shortly before the presidential election.²³ But more recently, another one of the president’s other lawyers – Rudy Giuliani – admitted to *Fox News* that Mr. Trump repaid Mr. Cohen over several months after he became President,²⁴ and that Mr. Cohen had paid Ms. Clifford to make the controversy “go away.”²⁵ President Trump, through a series of tweets on the same

²⁰ Ann E. Marimow & Jonathan O’Connell, *Trump Can Profit from Foreign Government Business at His Hotel If He Doesn’t Do Favors in Return, Justice Dept. Argues*, WASH. POST, Jun. 12, 2018, https://www.washingtonpost.com/local/public-safety/obscure-no-more-the-emoluments-clause-is-back-again-in-a-federal-court/2018/06/09/cf052832-6a72-11e8-9e38-24e693b38637_story.html?utm_term=.2ac7e55410cd.

²¹ See generally, Karen Yourish, *From Cohen to Trump to Giuliani: Conflicting Statements about a Payment to a Porn Star*, N.Y. TIMES, May 3, 2018, <https://www.nytimes.com/interactive/2018/05/03/us/politics/giuliani-stormy-trump-statements.html>.

²² See Sophie Tatum & Chris Cuomo, *Trump’s Lawyer Says He Paid \$130,000 to Porn Star ahead of Election*, CNN, Feb. 14, 2018, <https://www.cnn.com/2018/02/13/politics/michael-cohen-stormy-daniels-payment/index.html>.

²³ See Kevin Liptak, *Trump Says He Didn’t Know about Stormy Daniels Payment*, CNN, Apr. 6, 2018, <https://www.cnn.com/2018/04/05/politics/donald-trump-stormy-daniels/index.html>.

²⁴ See Michael D. Shear & Maggie Haberman, *Giuliani Says Trump Repaid Cohen for Stormy Daniels Hush Money*, N.Y. TIMES, May 3, 2018, <https://www.nytimes.com/2018/05/02/us/politics/trump-michael-cohen-stormy-daniels-giuliani.html>.

²⁵ Veronica Stracqualursi & Clare Foran, *Trump Changes His Story about Stormy Daniels*, CNN, May 3, 2018, <https://www.cnn.com/2018/05/03/politics/trump-stormy-daniels-payment/index.html>.

day, supported Mr. Giuliani's admission.²⁶ Although Mr. Trump subsequently attempted to muddy the contradiction, stating that the former New York City mayor needed "to get his facts straight,"²⁷ Mr. Trump has clearly not been honest in his representations about the payment made to Ms. Clifford.²⁸

B. Donald Trump Lacks Integrity in His Dealings with Others.

Donald Trump consistently takes advantage of those who are less powerful, a trait of those who lack good character.²⁹ Again, this Complaint cites only a few of the many examples of his behavior and focuses on those instances that should matter to this Board.

²⁶ See Donald J. Trump, @realDonaldTrump, May 3, 2018, 5:46 a.m., <https://twitter.com/realDonaldTrump/status/991992302267785216>; Donald J. Trump, @realDonaldTrump, May 3, 2018, 5:54 a.m., <https://twitter.com/realDonaldTrump/status/991994433750142976>; Donald J. Trump, May 3, 2018, 6:00 a.m., <https://twitter.com/realDonaldTrump/status/991995845120753664>.

²⁷ Eileen Sullivan, Michael D. Shear & Mark Landler, *Trump Undercuts Giuliani about Payments to Stormy Daniels*, N.Y. TIMES, May 4, 2018, <https://www.nytimes.com/2018/05/04/us/politics/trump-giuliani-stormy-daniels.html?action=Click&contentCollection=BreakingNews&contentID=66926452&pgtype=Homepage>.

²⁸ Mr. Trump has contradicted himself on numerous other matters of significance that this Board should find disturbing. On whether Russia interfered in the 2016 Presidential election, he consistently indicated his skepticism of this otherwise universally accepted fact, but then, after Special Counsel Mueller indicted 13 Russians, he denied ever saying what he had previously said. See Jon Greenberg, *Donald Trump Falsely Says He Never Denied Russian Meddling*, POLITIFACT, Feb. 19, 2018, <http://www.politifact.com/truth-o-meter/statements/2018/feb/19/donald-trump/donald-trump-falsely-denies-he-denied-russian-meddl/>. On his relationship with Stephen Bannon, he said when he hired him that he had known him for an extended period, but when he fired him, he said he had not known him prior to the time he hired him. See Aaron Sarockman, *Did He or Didn't He? Trump Contradicts Himself on Whether He Knew Steve Bannon*, POLITIFACT, Apr. 12, 2017, <http://www.politifact.com/truth-o-meter/statements/2017/apr/12/donald-trump/did-he-or-didnt-he-trump-contradicts-himself-wheth/>. Saying whatever one needs to say at a particular moment in time without regard to its accuracy is not consistent with good character.

²⁹ As American sage Pauline Phillips, known as Abigail Van Buren and even better known as "Dear Abby," noted: "The best index to a person's character is how he treats people who can't do him any good, and how he treats people who can't fight back." This adage has a long historical pedigree, as reviewed by the Quote Investigator. See <https://quoteinvestigator.com/2012/03/09/inferiors>.

1. Donald Trump’s participation in the fraud on students of Trump University

In 2010, former students of Trump University filed a class action lawsuit alleging that the entire product offered by the university was a sham.³⁰ Subsequently, a separate class action against Donald Trump individually was filed alleging violations of the Racketeer Influenced and Corrupt Organizations Act (RICO).³¹ In 2013, the New York Attorney General filed a \$40 million lawsuit against Donald Trump and Trump University, alleging that Donald Trump had defrauded more than 5,000 people through a program that called itself a university, but failed to meet New York’s requirements for an educational institution.³² These suits resulted in evidence of a “bait and switch scheme” used by Mr. Trump and his “university” to defraud students.³³ Mr. Trump, who might have tried to distance himself from the tactics alleged in the suits, instead repeatedly denied the fraud claims³⁴ and consistently insisted that he would win the case at trial.³⁵ In so doing, he continued to make inaccurate statements to the news media about the so-called university, falsely claiming during an interview on *Fox News*, for instance, that he had “handpicked” the instructors

³⁰ The original class action complaint was later amended twice, and the Third Amended Class Action Complaint, filed September 26, 2012, is attached as Exhibit 10. This complaint contains multiple example of the specific unlawful conduct of Mr. Trump. *See* Exhibit 10 at ¶ 65.

³¹ The RICO complaint is attached hereto as Exhibit 11. This complaint’s factual allegations define in detail how Mr. Trump personally executed and perpetuated the corrupt scheme described in the complaint. *See* Exhibit 11 at ¶¶ 19-48.

³² The Verified Petition is attached hereto as Exhibit 12.

³³ *See generally*, John Cassidy, *Trump University: It’s Worse Than You Think*, NEW YORKER, June 2, 2016, <https://www.newyorker.com/news/john-cassidy/trump-university-its-worse-than-you-think>.

³⁴ *See, e.g.*, Donald J. Trump, @realDonaldTrump, Aug. 25, 2013, <https://twitter.com/realDonaldTrump/status/371510803431981057>; Donald J. Trump, @realDonaldTrump, Feb. 29, 2016, <https://twitter.com/realDonaldTrump/status/704438057202819072>.

³⁵ *See* Doug Criss, *A judge has finalized a \$25 million settlement for students who claims they were defrauded by Trump University*, CNN, Apr. 10, 2018, <https://www.cnn.com/2018/04/10/politics/trump-university-settlement-finalized-trnd/index.html>.

and that “98 percent of students” were satisfied with their courses.³⁶ Eventually, after losing repeated efforts to have the cases thrown out of court, Mr. Trump settled the suits for \$25 million.³⁷

2. Donald Trump’s Participation in Refusing to Pay Business Contractors

The fact that Donald Trump’s companies frequently refused to pay contractors what they are owed has long been substantiated in legal cases and in the press.³⁸ Indeed, in the Presidential debates, Trump proudly announced that he “take[s] advantage of the laws of the nation because I’m running a company. My obligation is to do well for myself, my family, my employees, for my companies. And that’s what I do.”³⁹ One repeated tactic is to refuse to pay his contractors the full amount owed, forcing them to go to court to spend money in order to get paid, thereby ensuring that they accept lower than full payment.⁴⁰ Some of these unpaid contractors owned small, local businesses whose services Mr. Trump would not need again. By not paying them, Mr. Trump

³⁶ D’Angelo Gore, *Trump’s Defense of His University*, FACTCHECK.ORG, March 8, 2016, <https://www.factcheck.org/2016/03/trumps-defense-of-his-university/>.

³⁷ It was in this case that Mr. Trump denigrated the Mexican heritage of the Judge who was hearing the California cases, Judge Gonzalo Curiel. See Kristen East, *Trump Attacks ‘Mexican’ Judge in Trump U Lawsuit*, POLITICO, May 28, 2016, <https://www.politico.com/story/2016/05/donald-trump-university-judge-gonzalo-curiel-223684>; Hanna Trudo, *Trump Escalates Attack on ‘Mexican’ Judge*, POLITICO, Jun. 2, 2016, <https://www.politico.com/story/2016/06/donald-trump-judge-gonzalo-curiel-223849>. Mr. Trump’s remarks about Judge Curiel are just the tip of an iceberg of racist remarks made by Mr. Trump. His racist remarks have been more comprehensively compiled by the New York Times. See David Leonhardt and Ian Prasad Philbrick, *Donald Trump’s Racist: The Definitive List*, New York Times, January 15, 2018, <https://www.nytimes.com/interactive/2018/01/15/opinion/leonhardt-trump-racist.html>. Although this Board need not determine whether or not Mr. Trump is a racist, it should consider his statements and conduct that appear to substantiate his racism in evaluating his lack of good character. See *infra* Section IV.B.4.

³⁸ See generally, Steve Reilly, *Hundreds allege Donald Trump doesn’t pay his bills*, USA TODAY, Apr. 25, 2018, <https://www.usatoday.com/story/news/politics/elections/2016/06/09/donald-trump-unpaid-bills-republican-president-laswuits/85297274/>; Aleandra Berzon, *Donald Trump’s Business Plan Left a Trail of Unpaid Bills*, WALL ST. J., June 9, 2016, <https://www.wsj.com/articles/donald-trumps-business-plan-left-a-trail-of-unpaid-bills-1465504454>.

³⁹ Aaron Blake, *The First Trump-Clinton Debate Transcript, Annotated*, WASH. POST, Sept. 26, 2016, https://www.washingtonpost.com/news/the-fix/wp/2016/09/26/the-first-trump-clinton-presidential-debate-transcript-annotated/?utm_term=.0042814cd0ef.

⁴⁰ Roger Parloff, *Why U.S. Law Makes It Easy for Donald Trump to Stiff Contractors*, FORTUNE, Sept. 30, 2016, <http://fortune.com/2016/09/30/donald-trump-stiff-contractors/>.

forced them to spend money to go to court in an often, cost-prohibitive effort just to be made whole. Donald Trump has used this very tactic in connection with the renovations of the Trump International Hotel. Thus, an electrical subcontractor, AES Electrical, was forced to sue The Old Post Office LLC, for more than \$2 million, to collect for overtime work it performed for 50 consecutive days to ensure that the hotel could open earlier than scheduled for a Trump campaign event. The Complaint filed by AES is attached as Exhibit 13. AES alleged that the Trump LLC offered to pay only one-third of the value of its work, which AES claimed “is a repeated practice of the Trump organizations on various projects”; evidencing a typical business practice meant to force subcontractors to accept “pennies on the dollar” with respect to amounts owed for the cost of work performed.” AES Complaint ¶ 28.⁴¹ The eventual Notice of Dismissal, also attached at Exhibit 13, does not indicate what amount was paid to settle the AES Electrical dispute.

3. At Least 16 Women Have Alleged That Donald Trump Sexually Assaulted Them.

After the public became aware of a 2005 videotape, in which Mr. Trump bragged about how he would “grab [women] by the pussy,”⁴² Mr. Trump’s alleged sexual assaults became an issue for the 2016 presidential election: At the second presidential debate, Mr. Trump denied

⁴¹ See also Michael Biesecker, *Trump Refusing to Pay for Work, Contractor Says*, ASSOCIATED PRESS, Jan. 25, 2017, <https://federalnewsradio.com/government-news/2017/01/contractor-says-trump-refusing-to-pay-for-work-at-dc-hotel/>.

⁴² David Farenthold, *Trump Recorded Having Extremely Lewd Conversation about Women in 2005*, WASH. POST, Oct. 8, 2016, https://www.washingtonpost.com/politics/trump-recorded-having-extremely-lewd-conversation-about-women-in-2005/2016/10/07/3b9ce776-8cb4-11e6-bf8a-3d26847eed4_story.html?utm_term=.ccea4dd7f69.

kissing or groping women without their consent.⁴³ Despite his denial, at least 16 women have come forward with allegations that Mr. Trump sexually assaulted them.⁴⁴

Sexual assault where liquor is served is a unique danger. The National Institute of Health linked the abuse of alcohol to sexual assault, in a study that concluded: “Conservative estimates of sexual assault prevalence suggest that 25 percent of American women have experienced sexual assault, including rape. Approximately one-half of those cases involve alcohol consumption by the perpetrator, victim, or both. Alcohol contributes to sexual assault through multiple pathways, often exacerbating existing risk factors.”⁴⁵ Consequently, bar tenders and women’s groups have been fighting to make bars safe for women.⁴⁶ When the owner of a hotel serving liquor has been alleged to have committed sexual assault by at least 16 women, the Board should subject such an owner’s character to strict scrutiny.

4. Trump Has Engaged in Racism.

Donald Trump’s racist words and deeds are so numerous that *The New York Times* ran a piece earlier this year called “Donald Trump’s Racism: The Definitive List,”⁴⁷ and it is by no

⁴³ *Transcript of the Second Debate*, N.Y. TIMES, Oct 10, 2016, <https://www.nytimes.com/2016/10/10/us/politics/transcript-second-debate.html>.

⁴⁴ Meghan Keneally, *List of Trump’s Accusers and Their Allegations of Sexual Assault*, ABC NEWS, Feb. 22, 2018, <https://abcnews.go.com/Politics/list-trumps-accusers-allegations-sexual-misconduct/story?id=51956410>. Wikipedia has devoted a page to “Donald Trump Sexual Assault Allegations,” https://en.wikipedia.org/wiki/Donald_Trump_sexual_misconduct_allegations.

⁴⁵ Antonia Abey, Tina Zawacki, Philip O. Buck, A Monique Clinton & Pam McAuslan, *Alcohol and Sexual Assault*, NIH, National Institute on Alcohol Abuse and Alcoholism, <https://pubs.niaaa.nih.gov/publications/arh25-1/43-51.htm>.

⁴⁶ See, e.g., Bartenders Against Sexual Assault, <http://basa.bar>; Safe Bars, Training Bar Staff to Stand up against Sexual Violence, <http://safebars.org/in-the-news/>; Jake Blumgart, *Step up in the Club, A New Movement Tries to Enlist Bartenders and Bouncers to Protect Women from Sexual Aggression*, SLATE, Apr. 2, 2014, http://www.slate.com/articles/double_x/doublex/2014/04/sexual_aggression_in_bars_and_clubs_bartenders_and_bouncers_need_to_step.html.

⁴⁷ David Leonhardt & Ian Prasad Philbrick, *Donald Trump’s Racism: The Definitive List*, N.Y. TIMES, Jan. 15, 2018, <https://www.nytimes.com/interactive/2018/01/15/opinion/leonhardt-trump-racist.html>.

means an exhaustive list. Before he ran for office, Mr. Trump staked out public positions in which racial animus prominently appeared. In 1989, he took out ads in New York newspapers urging the death penalty for five African American and Latino teenagers accused of raping a white woman in Central Park, and he continued to argue they were guilty as late as October 2016, “more than 10 years after DNA evidence had exonerated them.”⁴⁸ In 2011, Mr. Trump began questioning President Obama’s birthplace and continued to be the most famous and outspoken promoter of what is now known as “birtherism,” a racist conspiracy theory that falsely claimed President Obama was born in Kenya.⁴⁹ In December 2015, Mr. Trump called for “a total and complete shutdown of Muslims entering the United States.”⁵⁰

Subsequently, Mr. Trump’s campaign included a number of statements meant to provoke and divide the country along racial lines, including many outright racist statements. While on the campaign trail, he retweeted white nationalists, such as “@WhiteGenocideTM,”⁵¹ and tweeted false – and thus misleading – statistics about racial violence.⁵² As Mr. Trump was making the construction of a wall along the U.S.-Mexican border a centerpiece of his campaign, he publicly stated that the federal judge presiding over a lawsuit alleging fraud on the part of Trump University had “an absolute conflict of interest” because he is “of Mexican heritage” and a member of a Latino

⁴⁸ *Id.*

⁴⁹ See Michael Barbaro, *Donald Trump Clung to “Birther” Lie for Years, and Still Isn’t Apologetic*, N.Y. TIMES, Sept. 16, 2016, <https://www.nytimes.com/2016/09/17/us/politics/donald-trump-obama-birther.html>.

⁵⁰ Tessa Berenson, *Donald Trump Calls for “Complete Shutdown” of Muslim Entry to U.S.*, TIME, Dec. 7, 2015, <http://time.com/4139476/donald-trump-shutdown-muslim-immigration/>.

⁵¹ Tal Kopan, *Donald Trump Retweets “White Genocide” Twitter User*, CNN, Jan. 22, 2016, <https://www.cnn.com/2016/01/22/politics/donald-trump-retweet-white-genocide/index.html>.

⁵² Jon Greenberg, *Trump’s Pants on Fire Tweet That Blacks Killed 81% of White Homicide Victims*, POLITIFACT, Nov. 23, 2015 (rating the claim “pants on fire”), <http://www.politifact.com/truth-o-meter/statements/2015/nov/23/donald-trump/trump-tweet-blacks-white-homicide-victims/>

lawyers' association.⁵³ Further, Mr. Trump has struggled to unequivocally condemn Klu Klux Klan leader David Duke and has pretended to claim he does not know who he is.⁵⁴

As president, Mr. Trump's refusal to condemn blatant racism has persisted. Most notably he called some of those who, in August 2017, marched alongside white supremacists in Charlottesville, Virginia "very fine people" and further equivocated what occurred at this deadly, racist, anti-Semitic rally by saying "there's blame on both sides."⁵⁵ But there are other examples, including his persistent use of dehumanizing language referring to certain immigrants as "animals" or describing certain African states as "shithole" countries that evidence Mr. Trump's normalizing of racism. Such racism is compelling evidence of his lack of good character.

C. Donald Trump's Failure to Abide by the Law and to Repudiate Associations with Known Criminals.

Donald Trump has often refused to respect the requirements of law applicable to his conduct of business. By so doing, including in the instances detailed below, Mr. Trump has further demonstrated his lack of good character. Relatedly, he has demonstrated a willingness to conduct business with known criminals, not only, as has been well reported, in his connection with past

⁵³ Tom Kertscher, *Donald Trump's Racist Comments about Hispanic Judge in Trump University Case*, POLITIFACT, Jun. 8, 2016, <http://www.politifact.com/wisconsin/article/2016/jun/08/donald-trumps-racial-comments-about-judge-trump-un/>.

⁵⁴ Glenn Kessler, *Donald Trump and David Duke: For the Record*, WASH. POST, Mar. 1, 2016, https://www.washingtonpost.com/news/fact-checker/wp/2016/03/01/donald-trump-and-david-duke-for-the-record/?utm_term=.69a783f5ba67.

⁵⁵ Politico Staff, *Full Text: Trump's Comments on White Supremacists, "Alt-Left" in Charlottesville*, POLITICO, Aug. 15, 2017, <https://www.politico.com/story/2017/08/15/full-text-trump-comments-white-supremacists-alt-left-transcript-241662>.

business activities,⁵⁶ but also with regard to activities that have occurred since the Board granted a liquor license to the Trump International Hotel.

1. Mr. Trump Has Repeatedly Been Charged by Federal and State Regulators with a Variety of Legal Violations.

Mr. Trump has settled numerous cases in which he and/or his companies have been charged with violating a variety of legal requirements.⁵⁷ Among the more notable matters are the following:

⁵⁶ Mr. Trump's known association with criminals, including members of the mafia and drug dealers include, but are not limited to the following individuals:

- John Cody – John Cody was the president of Teamsters Local 282 for approximately ten years during the 1970's and 1980's. Teamsters Local 282 controlled the flow of materials to building sites in New York City, including Trump Tower, where concrete deliveries continued despite a city-wide union strike in 1982. Trump Tower was constructed from 1979 – 1983.
 - Mr. Cody was convicted of racketeering and tax evasion in 1982 and sentenced to five years in prison. See Selwyn Raab, *Cody Sentenced to 5-Year Term as a Racketeer*, N.Y. TIMES, ARCHIVES 1982, <https://www.nytimes.com/1982/12/02/nyregion/cody-sentenced-to-5-year-term-as-a-racketeer.html>; Michael Nelson, *Obituary: Corrupt New York Boss Cody*, NATIONAL LEGAL AND POLICY CENTER.ORG, May 7, 2001, <http://nlpc.org/2001/05/07/obituary-corrupt-new-york-boss-cody/>.
- Jack Schwartz & John Staluppi – Jack Schwartz and John Staluppi owned Dilllinger Coach Works, which modified limousines and sold them as Trump branded Cadillacs under a two-year license contract beginning in 1988.
 - Mr. Schwartz was convicted of extortion in 1976. See William Bastone, *Trump Limos Were Built with a Hood Ornament: Developer's First Licensing Deal Was With Mafioso*, THE SMOKING GUN, Sept. 22, 2015, www.thesmokinggun.com/documents/celebrity/trump-and-staluppi-092157.
 - Mr. Staluppi was convicted for stealing auto parts as well as for extortion in the 1970's. See *id.*
- Joseph Weichselbaum – Joseph Weichselbaum was the general manager of Damin Aviation, which contracted to shuttle high rollers for Mr. Trump's Atlantic City casinos via helicopter beginning in 1984. Damin Aviation also managed Mr. Trump's personal helicopter. Mr. Weichselbaum resided at Trump Tower from 1990 until 1994.
 - Mr. Weichselbaum was convicted of grand theft auto and embezzlement before contracting to provide helicopter services for Mr. Trump's casino.
 - In 1985, Mr. Weichselbaum was indicted on marijuana and cocaine trafficking charges. In 1987, Mr. Trump provided a character reference letter in advance of Mr. Weichselbaum's drug trafficking sentencing, stating that Mr. Weichselbaum was "conscientious, forthright and diligent" and "a credit to the community." See William Bastone, *Trump Vouched for Cocaine Trafficker, Candidate Called Felon "Credit to the Community,"* THE SMOKING GUN, Feb. 16, 2016, <http://www.thesmokinggun.com/documents/celebrity/the-donald-and-the-dealer-173892>.

⁵⁷ See generally, Phillip Bump, *A quick review of 40 years of investigations into Donald Trump and his businesses*, WASH. POST, Oct. 31, 2016, https://www.washingtonpost.com/news/the-fix/wp/2016/10/31/a-quick-review-of-40-years-of-investigations-into-donald-trumps-businesses/?utm_term=.00101df16891.

(a) Mr. Trump and his father were charged by the United States in 1973 with violating the federal anti-discrimination laws “by refusing to rent and negotiate rentals with blacks, requiring different rental terms and conditions because of race, and misrepresenting that apartments were not available.” The Complaint for Injunction Pursuant to Fair Housing Act of 1968 is attached as Exhibit 14. The case settled in 1975 in a Consent Order, attached hereto as Exhibit 15.

(b) In 1987, the Federal Trade Commission sued Mr. Trump for non-compliance with regulations designed to prevent anti-competitive mergers and acquisitions, in connection with his acquisition of Bally’s Manufacturing Corp. Mr. Trump agreed to settle the government charges that he violated pre-merger notification requirements by paying \$750,000.00. *See* FTC NEWS, April 5, 1988, attached as Exhibit 16.

(c) In 1998, the U.S. Treasury fined a company, then majority owned by Mr. Trump, approximately \$470,000 for failing to file transaction reports designed to guard against money laundering. *See* Settlement Agreement in the Matter of Trump Taj Mahal Associates, attached as Exhibit 17.

(d) In 2000, Mr. Trump and his partners paid \$250,000 to settle a New York Lobbying Commission case in which they were accused of secretly funding an ad blitz against the opening of new casinos in the Catskill Mountains. *See* Settlement Agreement: New York Temporary State Commission on Lobbying (Nov. 13, 2000), attached as Exhibit 18.

(e) In 2002, the Securities and Exchange Commission cited the Trump Hotels and Casino Resorts, Inc., which Mr. Trump also controlled, for having used a type of

financial reporting that was designed to downplay negative results. *See* Order Instituting C&D Proceedings, attached as Exhibit 19.

(f) In 2018, the New York State Attorney General filed a lawsuit alleging that the Donald J. Trump Foundation violated tax laws prohibiting the use of non-profit charities for private interests, and the New York State Attorney General referred the foundation to the Federal Election Commission and the IRS for investigation.⁵⁸

2. Donald Trump's Recent Association with a Known Criminal

Although Donald Trump has said over the years that he barely knows the known felon Felix Sater, contrary evidence is substantial. It has been definitively reported that Mr. Trump has partnered in a number of completed and proposed real estate development deals with Mr. Sater and the company Mr. Sater helped found, Bayrock Group,⁵⁹ which has its offices inside Trump Tower.⁶⁰ And it was well known that Mr. Sater is a Russian immigrant who was convicted in 1993 of stabbing a man in the face with the stem of a broken margarita glass and pled guilty in 1998 to involvement in a penny stock fraud scheme orchestrated by the Mafia.⁶¹ Moreover, Mr. Sater has

⁵⁸ *See* Verified Petition, *People v. Trump* (N.Y. Sup. Ct., filed Jun. 14, 2018), https://ag.ny.gov/sites/default/files/court_stamped_petition.pdf. *See also* Phillip T. Hackney, *Why the I.R.S. Should Go after Trump*, N.Y. TIMES, Jun. 15, 2018, <https://www.nytimes.com/2018/06/15/opinion/trump-foundation-new-york-attorney-general.html>.

⁵⁹ *See* Jim Zarroli and Alina Selyukh, *Trump Soho: A Shiny Hotel Wrapped in Glass, But Hiding Mysteries*, NPR, Nov. 7, 2017, <https://www.npr.org/2017/11/07/560849787/trump-soho-a-shiny-hotel-wrapped-in-glass-but-hiding-mysteries>; Andrew Rice, *The Original Russia Connection*, NEW YORK, Aug. 3, 2017, <http://nymag.com/daily/intelligencer/2017/08/felix-sater-donald-trump-russia-investigation.html>; Anthony Cormier and Jason Leopold, *How a Player in Trump-Russia Scandal Led a Double Life As An American Spy*, BUZZFEED NEWS, Mar. 12, 2018, https://www.buzzfeed.com/anthonymcormier/felix-sater-trump-russia-undercover-us-spy?utm_term=.cdP3wwX6G#.oexoZZAy6.

⁶⁰ *See* Sonam Sheth, *Lawmakers grill Trump Associate Felix Sater, who was instrumental in 2 pivotal events in the Russian probe*, BUS. INSIDER, Apr. 4, 2018, <http://www.businessinsider.com/felix-sater-senate-intelligence-committee-trump-tower-ukraine-peace-plan-2018-4>.

⁶¹ *See* KRANISH & FISHER, *supra* note 6, at 232-33; Timothy O'Brien, *Trump, Russia and a Shadowy Business Partnership*, BLOOMBERG, June 21, 2017, <https://www.bloomberg.com/view/articles/2017-06-21/trump-russia-and->

testified under oath that he was “friendly” with Mr. Trump, and that his relationship was “close.”⁶² Numerous records of their common appearances support Mr. Sater’s testimony.⁶³

Perhaps most relevant to the Board’s consideration of Mr. Trump’s lack of good character are facts regarding Mr. Trump’s relationship with Mr. Sater in 2016 with respect to both the possible development of a Trump branded hotel in Moscow and a peace plan for Ukraine. Mr. Sater reportedly worked directly with the Trump Organization’s special counsel and executive vice president, Michael Cohen, to propose a Trump branded hotel in Moscow.⁶⁴ Mr. Sater also reportedly worked with Mr. Cohen, General Michael Flynn and a Ukrainian politician to put forward a Ukrainian “peace plan.”⁶⁵ The relationship between Donald J. Trump and Felix Sater is currently the subject of the Special Counsel’s investigation.⁶⁶ Mr. Trump’s associations with Mr. Sater are obviously inconsistent with the good character required of the owner of an establishment licensed to serve and sell liquor in the District of Columbia.

[those-shadowy-sater-deals-at-bayrock](#); Bob Dreyfuss, *Who is Felix Sater and Why is Donald Trump So Afraid of Him?*, THE NATION, September 8, 2017, <https://www.thenation.com/article/who-is-felix-sater-and-why-is-donald-trump-so-afraid-of-him/>.

⁶² Rosalind S. Helderman & Tom Hamburger, *Former Mafia-Linked Figure Describes Association with Trump*, Wash. Post, May 17, 2016, https://www.washingtonpost.com/politics/former-mafia-linked-figure-describes-association-with-trump/2016/05/17/cec6c2c6-16d3-11e6-aa55-670cabef46e0_story.html?utm_term=.3c001fcb0834; KRANISH & FISHER, *supra* note 6, at 233.

⁶³ See e.g., DAVID CAY JOHNSTON, *THE MAKING OF DONALD TRUMP*, *supra* note 6, at 3.

⁶⁴ See Matt APUZZO & Maggie Haberman, *Trump Associate Boasted That Moscow Business Deal ‘Will Get Donald Elected,’* N.Y. TIMES, Aug. 28, 2017, <https://www.nytimes.com/2017/08/28/us/politics/trump-tower-putin-felix-sater.html>; see also Carol D. Leonnig, Tom Hamburger & Rosalind S. Helderman, *Trump’s Business Sought a Deal on a Trump Tower in Moscow While He Ran for President*, WASH. POST, Aug. 27, 2018, https://www.washingtonpost.com/politics/trumps-business-sought-deal-on-a-trump-tower-in-moscow-while-he-ran-for-president/2017/08/27/d6e95114-8b65-11e7-91d5-ab4e4bb76a3a_story.html?utm_term=.d591f32bf4c7.

⁶⁵ See Megan Twohey and Scott Shane, *A Back Channel Plan for Ukraine and Russia, Courtesy of Trump Associates*, N.Y. TIMES, Feb. 19, 2017, <https://www.nytimes.com/2017/02/19/us/politics/donald-trump-ukraine-russia.html>.

⁶⁶ See *Mueller’s Questions for Trump: Read the Full List*, FOX NEWS, May 1, 2018, <http://www.foxnews.com/politics/2018/05/01/muellers-questions-for-trump-read-full-list.html>.

V. **THE BOARD SHOULD ORDER THE HOTEL TO SHOW CAUSE WHY ITS LICENSE SHOULD NOT BE REVOKED.**

A. **The Evidence Requires the Board to Hold a Show Cause Hearing.**

The applicable provision of the D.C. Code, Section 25-447(c) provides that:

within 30 days of receiving evidence supporting a reasonable belief that any licensee . . . is in violation of the provision of this title . . . , the Board *shall* order the licensee . . . to appear before the Board . . . to show cause why the license should not be revoked or suspended, or the licensee . . . should not be penalized.

Id. (emphasis added).

This complaint presents evidence supporting a reasonable belief that the Trump International Hotel, the licensee, is in violation of the good character provisions of the statute governing their liquor license. Thus, the Board is required to hold a show cause hearing.

B. **Revocation of the Hotel's License Is in the Public Interest**

The residents of the District of Columbia are statutorily entitled to have only persons with good character own the establishments that are granted liquor licenses. Given the lack of good character of the true and actual owner of the licensee, the Board has little choice but to revoke the previously granted license. Although the true and actual owner is the President of the United States, he is subject to the same good character requirement that applies to all other licensees. There is no statutory exception for the rich or the powerful. Further, Donald J. Trump's lack of good character is persistent and supported by a long and continuing record of lies, deceit, broken promises, business with known criminal figures, abuse of women and racism. No condition can be placed on the licensee that could or would assure the residents of the District of Columbia that Mr. Trump, a person who lacks good character, will suddenly become a person of good character.⁶⁷

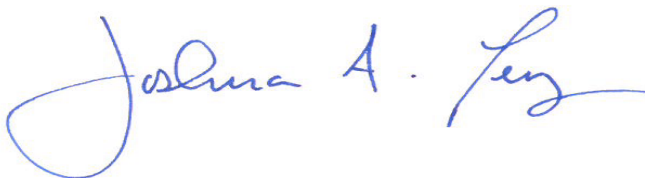
⁶⁷ The Board is without authority to remove Donald Trump as the true and actual owner of the Trump International Hotel, but his voluntary withdrawal from ownership could obviate the license revocation.

Given these circumstances, only revocation of the license will serve the public interest and assure compliance by the Board of its statutory obligations.

VI. CONCLUSION

For all the reasons specified above, it is respectfully requested that the Board hold a show cause hearing in accordance with D.C. Code § 25-447 and, after allowing the licensee an opportunity to offer evidence in its defense, to revoke the previously granted license to sell and/or serve alcoholic beverages.

Respectfully submitted,



June 20, 2018

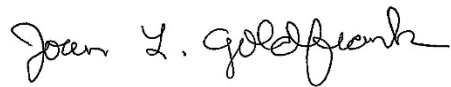
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The Complainants



Hon. Henry M. Kennedy, Jr.



Hon. Joan Goldfrank



Rev. William Lamar IV



Rev. Jennifer Butler



Rabbi Aaron Potek



Dr. Timothy Tee Boddie



Rabbi Jack Moline

Exhibit 1

LAW OFFICES
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OCT -2 A 11:53

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Also Admitted in Virginia

September 30, 2015

District of Columbia Alcoholic Beverage Control Board
2000 14th Street, NW
400 South
Washington, DC 20009

Re: ABRA- _____
Trump Old Post Office LLC,
t/a Trump International Hotel
Washington, D.C., applicant for a
New Retailer's Class CH License at
premises 1100 Pennsylvania
Avenue, NW

Dear Members of the Board:

Submitted herewith for filing is our referenced client's application for a new Retailer's Class CH license. As a Certificate of Occupancy has not issued, this application is submitted pursuant to 23 DCMR § 405.1. Enclosed with the application is a Zoning Certification for the premises.

The Board's early review and approval of this application will be appreciated sincerely.

Respectfully yours,

2-534(a)(2)

Stephen J. O'Brien

Exhibit 2

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Alcoholic Beverage Regulation Administration



December 3, 2015

Stephen O'Brien, Esq.
Mallios & O'Brien
2600 Virginia Ave., NW
Washington, DC 20037

Re: New Application (405.1) - License # ABRA-100648
Trump Old Post Office LLC t/a Trump International Hotel Washington, D.C.
100 Pennsylvania Ave NW, WDC 20004
Retail Class "C" Hotel

Dear Licensee:

The Alcoholic Beverage Control Board has reviewed and APPROVED the application for Trump Old Post Office LLC t/a Trump International Hotel Washington, D.C., under Section 405.1 of the District of Columbia Municipal Regulation. The issuance of the license is contingent of the submission of the following:

- Certificate of Occupancy (Summer Garden)
- Business License
- DC Tax Registration
- Trade name Registration
- Clean Hands Compliance

Please contact me to submit the additional documentation. Once I have ascertained that the documents are complete, I will arrange a final inspection. Please be advised that fees must be paid for this license annually.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Jackson".

Karen Jackson
Licensing Specialist
Licensing Division
Karen.jackson@dc.gov

Exhibit 3

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF MARYLAND
Greenbelt Division**

THE DISTRICT OF COLUMBIA
441 Fourth Street, N.W.
Washington, D.C. 20001,

and

THE STATE OF MARYLAND
200 Saint Paul Place, 20th Floor
Baltimore, Maryland 21202,

Plaintiffs,


v.

DONALD J. TRUMP, in his official capacity
as President of the United States of America
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500,

Defendant.

Civil Action No.

17-cv-01596-PJM

U.S. DISTRICT COURT
DISTRICT OF MARYLAND
2017 JUN 12 AM 9:25
CLERK OF COURT
BY  J. B. GREENBELT
DEPUTY

COMPLAINT

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**pro hac vice application forthcoming*

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**pro hac vice application forthcoming*

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**I.
NATURE OF THE ACTION**

1. This is an action against Donald J. Trump in his official capacity as President of the United States. The case involves unprecedented constitutional violations by the President that have injured and threaten to cause continuing injury to the District of Columbia (“the District”) and the State of Maryland (“Maryland”) and their respective residents, including direct injury to the plaintiffs’ interests in properties located in the District, in Prince George’s County, Maryland, and in Montgomery County, Maryland.

2. The lawsuit alleges violations by the President of two distinct yet related provisions of the U.S. Constitution that seek to make certain that he faithfully serves the American people, free from compromising financial entanglements with foreign and domestic governments and officials. The first provision, the Foreign Emoluments Clause, prohibits any “Person holding any Office of Profit or Trust” from accepting “any present, Emolument, Office, or Title, of any kind whatever, from any King, Prince, or foreign State,” absent “the Consent of the Congress.” U.S. Const. art. I, § 9, cl. 8. The second, the Domestic Emoluments Clause, entitles the President to receive a salary while in office and forbids him from “receiv[ing] within that Period any other Emolument from the United States, or any of them.” U.S. Const. art. II, § 1, cl. 7. Together, these provisions help ensure that the President serves with undivided loyalty to the American people, and the American people only. Our republican form of government demands no less.

3. Vested by the Constitution with extraordinary power, the President is bound by oath to “faithfully execute” his office and “preserve, protect and defend the Constitution of the United States.” Since 1789, each President, regardless of temperament or ideology, has sought, in his own way, to honor that solemn vow. Yet fundamental to a President’s fidelity to that oath is the Constitution’s demand that the President, as the highest officeholder in the land,

disentangle his private finances from those of domestic and foreign powers. Never before has a President acted with such disregard for this constitutional prescription.

4. President Trump's continued ownership interest in a global business empire, which renders him deeply enmeshed with a legion of foreign and domestic government actors, violates the Constitution and calls into question the rule of law and the integrity of the country's political system. Whatever the sincerity of the persons involved, foreign and domestic officials are put in the position of considering whether offering benefits to businesses associated with the President is important to maintaining goodwill. And irrespective of whether such benefits affect the President's decision-making or shift his foreign or domestic policy, uncertainty about whether the President is acting in the best interests of the American people, or rather for his own ends or personal enrichment, inflicts lasting harm on our democracy. The Framers of the Constitution foresaw that possibility, and acted to prevent that harm.

5. The Emoluments Clauses are two critical, closely related anti-corruption provisions aimed at ensuring that the President faithfully serves *the people*, free from the distorting or compromising effects of financial inducements provided by foreign nations, their leaders, individual states in the Union, Congress, or other parts of the federal government. They ensure that Americans do not have to guess whether a President who orders their sons and daughters to die in foreign lands acts out of concern for his private business interests; they do not have to wonder if they lost their job due to trade negotiations in which the President has a personal stake; and they never have to question whether the President can sit across the bargaining table from foreign leaders and faithfully represent the world's most powerful democracy, unencumbered by fear of harming his own companies.

6. With respect to the Foreign Emoluments Clause, the Framers were aware that entanglements between American officials and foreign powers could pose a creeping, insidious

threat to the Republic. The theory underlying the clause, informed by English history and by the Framers' experience, is that a federal officeholder who receives something of value from a foreign government can be imperceptibly induced to compromise what the Constitution insists be his only loyalty: the best interest of the United States of America. And rather than address such corruption by punishing it after the fact, the Framers concluded that the best solution was to write a strict prophylactic rule into the Constitution itself, thereby guaranteeing that improper incentives never undo this important safeguard of American autonomy. Applied to President Trump's diverse dealings, the text and purpose of the clause speak as one: absent the consent of Congress, private enrichment through the receipt of benefits from foreign governments is prohibited.¹

7. The Domestic Emoluments Clause was also designed to protect the government from corruption. The Founders intended the clause to serve as a guarantee that Congress, other parts of the federal government, and the states "can neither weaken [the President's] fortitude by operating on his necessities, nor corrupt his integrity by appealing to his avarice."² The Framers further intended the clause to protect against self-dealing by ensuring that the President's service is remunerated only by the compensation fixed in advance by Congress.

8. Relatedly, and in ways particularly important to the plaintiffs, the Domestic Emoluments Clause shields the states and the District of Columbia from undue pressure to

¹ Norman L. Eisen, Richard Painter & Laurence H. Tribe, *The Emoluments Clause: Its Text, Meaning, and Application to Donald J. Trump* (Dec. 16, 2016), <http://brook.gs/2hGIMbW>; see also *Applicability of Emoluments Clause to Employment of Government Employees by Foreign Public Universities*, 18 Op. O.L.C. 13, 18 (1994) ("Those who hold offices under the United States must give the government their unclouded judgment and their uncompromised loyalty. That judgment might be biased, and that loyalty divided, if they received financial benefits from a foreign government.").

² The Federalist No. 73 (Alexander Hamilton).

provide emoluments to the President, and protects them from reprisal for any refusal to do so. In a similar vein, the provision safeguards the states and the District from unfair advantages certain states may enjoy from opportunities to curry favor from the President by providing emoluments that other states lack.

9. President Trump, acting through companies he owns or controls, has violated both the Foreign Emoluments Clause and the Domestic Emoluments Clause by receiving millions of dollars in payments, benefits, and other valuable consideration from foreign governments and persons acting on their behalf, as well as federal agencies and state governments. His repeated, ongoing violations include remuneration derived from: (a) leases of Trump properties held by foreign-government-owned entities; (b) purchase and ownership of condominiums in Trump properties by foreign governments or foreign-government-controlled entities; (c) other property interests or business dealings tied to foreign governments; (d) hotel accommodations, restaurant purchases, the use of venues for events, and purchases of other services and goods by foreign governments and diplomats at hotels, restaurants, and other domestic and international properties owned, operated, or licensed by President Trump; (e) continuation of the General Services Administration lease for President Trump's Washington, D.C. hotel despite his breach of the lease's terms, and potential provision of federal tax credits in connection with the same property; and (f) payments from foreign-government-owned broadcasters related to rebroadcasts and foreign versions of the television program "The Apprentice" and its spinoffs. Moreover, President Trump, by asserting that he will maintain the interests at issue, is poised to engage in similar constitutional violations for the duration of his presidency.

10. These present and continuing violations of the Constitution's anti-corruption protections threaten the free and independent self-governance at the core of our democracy. The

President is making decisions every day with profound and far-reaching effects on American life, from determining who can travel into the country to deciding whether the United States will abandon global efforts to combat climate change; from proposing budgets to overseeing the federal workforce; from evaluating who will pay more in taxes to choosing how people will access health care. Yet Americans are left uncertain as to whether these decisions, with their sweeping impact on foreign and domestic policy, are driven solely by unyielding loyalty to the country's best interests, or rather are affected by self-interested motivations grounded in the international and domestic business dealings in which President Trump's personal fortune is at stake.

11. The President's violations of the Emoluments Clauses undermine the trust the American people are entitled to have in their government. It is fundamental to our system of self-governance that our duly elected Presidents and the governments over which they preside will always act in singular pursuit of our liberty, security, health, and well-being. President Trump's myriad international and domestic business entanglements make him vulnerable to corrupt influence and deprive the American people of trust in their chief executive's undivided loyalty.

12. The District and Maryland have compelling interests in ensuring that the Foreign and Domestic Emoluments Clauses are enforced and protect their residents as designed. The President's disregard for these constitutional constraints has resulted in significant and ongoing harm to the District and to Maryland.

13. The District and Maryland have other sovereign, quasi-sovereign, and proprietary interests in preventing the defendant's violations of the Emoluments Clauses. The defendant, his organization, and its affiliates have received presents or emoluments from foreign states or instrumentalities and federal agencies, and state and local governments in the form of payments to the defendant's hotels, restaurants, and other properties. The defendant has used his position as President to boost this patronage of his enterprises, and foreign diplomats and other public

officials have made clear that the defendant's position as President increases the likelihood that they will frequent his properties and businesses.

14. The defendant's ongoing constitutional violations harm the sovereign and quasi-sovereign interests of the District and Maryland. Maryland has an interest in preserving its role as a separate sovereign and securing observance of the terms under which it participates in the federal system. That interest is harmed by the defendant's violations of both Emoluments Clauses, but it carries particular force with respect to the Domestic Emoluments Clause, which exists (at least in part) for the protection of "the United States and any of them." Indeed, as government entities with authority to tax and regulate businesses and real estate, the District and Maryland are harmed by perceived and/or actual pressure to grant special treatment to the defendant and his extensive affiliated enterprises, or else be placed at a disadvantage vis-à-vis other states and governments that have granted or will grant such special treatment. In addition, the District and Maryland have an interest in protecting their economies and their residents, who, as the defendant's local competitors, are injured by decreased business, wages, and tips resulting from economic and commercial activity diverted to the defendant and his business enterprises due to his ongoing constitutional violations. Maryland is itself further injured by the reduction in tax revenue that flows from those violations.

15. The defendant's ongoing constitutional violations also harm the proprietary interests of the District and Maryland. The District and Maryland suffer direct financial harm in their capacity as proprietors of businesses that compete with the defendant's businesses, to the extent that businesses owned by him and/or his affiliated enterprises attract customers and divert them away from businesses that the District and Maryland own, license, or tax.

16. The District of Columbia and Maryland bring this action to stop President Trump's violations of the Emoluments Clauses. As a direct result of those violations, the District

and Maryland have been injured and will continue to be injured absent relief from this Court. To prevent these injuries, they request that this Court enter a declaratory judgment that President Trump has violated the Foreign and Domestic Emoluments Clauses and an injunction against violating these clauses further.

**II.
PARTIES, JURISDICTION, AND VENUE**

17. The plaintiffs are the District of Columbia and the State of Maryland.

18. The District of Columbia is a municipal corporation empowered to sue and be sued, and is the local government for the territory constituting the permanent seat of the federal government. The District is represented by and through its chief legal officer, the Attorney General for the District of Columbia. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District and is responsible for upholding the public interest.

19. The State of Maryland is a sovereign state of the United States of America. The State is represented by and through its chief legal officer, the Attorney General of Maryland. He has general charge, supervision, and direction of the State's legal business, and acts as legal advisor and representative of all major agencies, boards, commissions, and official institutions of state government. The Attorney General's powers and duties include acting on behalf of the State and the people of Maryland in the federal courts on matters of public concern.

20. The defendant is the President of the United States of America. He is being sued in his official capacity.

21. This Court has subject-matter jurisdiction under 28 U.S.C. §§ 1331 and 2201.

22. Venue is proper under 28 U.S.C. § 1391(e)(1) because the defendant is "an officer . . . of the United States . . . acting in his official capacity or under color of legal authority," and

the District of Maryland is a “judicial district” in which “a substantial part of the events or omissions giving rise to the claim occurred,” and (in any event) where one of “the plaintiff[s] resides.”

III. LEGAL BACKGROUND

23. ***The Foreign Emoluments Clause.*** The origins of the Foreign Emoluments Clause go back to at least 1651, when the Dutch broke with traditional European diplomatic customs and prohibited their foreign ministers from accepting “any presents, directly or indirectly, in any manner or way whatever.”³ The Framers also had the benefit of earlier thinking by those who drafted state constitutions, including Maryland’s,⁴ and by those who crafted the Articles of Confederation, which contained the clause’s predecessor: “[N]or shall any person holding any office of profit or trust under the United States, or any of them, accept of any present, emolument, office, or title of any kind whatever, from any king, prince, or foreign State.”⁵

24. The Foreign Emoluments Clause was not included initially at the Constitutional Convention, but it was added without dissent at the request of Charles Pinckney, who “urged the necessity of preserving foreign Ministers & other officers of the U.S. independent of external influence.”⁶ Edmund Jennings Randolph confirmed the clause’s anti-corruption purpose, stating:

³ 5 John Bassett Moore, *A Digest of International Law* § 651 (1906) (quoting Dutch Republic regulation).

⁴ See Md. Declaration of Rights of 1776, art. 32 (“That no person ought to hold, at the same time, more than one office of profit, nor ought any person, in public trust, to receive any present from any foreign prince or state, or from the United States, or any of them, without the approbation of this State.”).

⁵ Articles of Confederation of 1781, art. VI, § 1.

⁶ 2 Farrand, *The Records of the Federal Convention of 1787*, at 389.

“It was thought proper, in order to exclude corruption and foreign influence, to prohibit any one in office from receiving or holding any emoluments from foreign states.”⁷ The Framers recognized the perils of foreign influence and corruption, even in situations subtler than *quid pro quo* bribery, and they therefore created a broad constitutional prophylactic rule applicable to anything of value given by any foreign government to anyone holding an “Office of Profit or Trust under the United States,” including the President.

25. Consistent with the intent of the Framers, the Foreign Emoluments Clause is properly interpreted to cover monetary or nonmonetary transactions. Indeed, the text of the clause bars the receipt of both a “present” and an “Emolument,” which together cover anything of value, including without limitation payments, transactions granting special treatment, and transactions above marginal cost. The clause also explicitly bars the receipt of “any present [or] Emolument . . . of any kind whatever,” emphasizing the breadth of conduct covered under the provision.

26. The Foreign Emoluments Clause covers not only transfers of anything of value from a king, prince, or foreign state individually, but also any transfer from instrumentalities or agents of a foreign state. This is in keeping with the considered view of the Department of Justice’s Office of Legal Counsel, whose constitutional interpretations are instructive, though not controlling.⁸

27. ***The Domestic Emoluments Clause.*** The Framers also intended to prevent the system of patronage, influence, and rent-extraction that predominated in the colonial governors’ offices through a Domestic Emoluments Clause applying to just the President. The

⁷ 3 Farrand, *The Records of the Federal Convention of 1787*, at 327.

⁸ Applicability of the Emoluments Clause and the Foreign Gifts and Decorations Act to the President’s Receipt of the Nobel Peace Prize, 33 Op. O.L.C. 8 (2009).

clause provides that the President's "Compensation" shall not be increased or decreased, and that he may not receive any "other Emolument from the United States, or any of them," during his term of office. The clause thus works to ensure that neither states nor the federal government can "weaken his fortitude by operating on his necessities, nor corrupt his integrity by appealing to his avarice."⁹ And because the clause is specifically concerned with the federal government as well as the states, it does not allow for Congress to consent to the President's receipt of additional emoluments beyond his salary. This ban on additional emoluments, Alexander Hamilton wrote, would ensure that the President would have "*no pecuniary inducement to renounce or desert the independence intended for him by the Constitution.*"¹⁰ Further, as recognized by judicial authorities, the ban "addressed the Framers' concern that the President should not have the ability to convert his or her office for profit."

28. The Domestic Emoluments Clause reflects the Framers' particular concern about making sure that the nation's powerful chief executive remains free from distorting and corrupting influences that might hinder his ability to faithfully execute his office. The clause accordingly proscribes emoluments not only from states and the federal government, but also their respective instrumentalities and subdivisions.

IV. RELEVANT FACTS

A. The defendant's Foreign Emoluments Clause violations

29. Following the defendant's inauguration, he continues to own and control hundreds of businesses throughout the world, including hotels and other properties. His business empire comprises a multitude of different corporations, limited-liability companies, limited

⁹ The Federalist No. 73 (Alexander Hamilton).

¹⁰ *Id.* (emphasis added).

partnerships, and other entities that he owns or controls, in whole or in part, operating in the United States and at least 20 foreign countries.¹¹ His businesses are loosely organized under an umbrella known as the “Trump Organization,” consisting of the Trump Organization LLC d/b/a The Trump Organization and The Trump Organization, Inc., both of which are owned solely by him. But his interests also include scores of other entities not directly owned by either Trump Organization entity but that he personally owns, owns through other entities, and/or controls.¹² The defendant also has several licensing agreements that provide continuing flows of income. Through these entities and agreements, he personally benefits from business dealings, and is (and will be) enriched by any business in which the entities he owns or controls engage with foreign governments, instrumentalities, and officials.

30. On January 11, 2017, the defendant announced a plan to turn “leadership and management” of the Trump Organization over to his sons Eric Trump and Donald Trump Jr., as well as a longtime company executive.¹³ But the plan did not include relinquishing *ownership* of his businesses or establishing a blind trust.

31. The defendant continues to own—and be well aware of the activities of—the Trump Organization and other corporations, limited-liability companies, limited partnerships, and other entities in which he retains an ownership interest. Although he formed a trust to hold his business assets, he may obtain distributions from his trust at any time.¹⁴

¹¹ Marilyn Geewax & Maria Hollenhorst, *Trump’s Businesses And Potential Conflicts: Sorting It Out*, NPR (Dec. 5, 2016), <http://n.pr/2g2xZDP>.

¹² U.S. Office of Gov’t Ethics, Donald J. Trump, 2016 Executive Branch Personnel Public Financial Disclosure Report (May 16, 2016), <http://bit.ly/2gBUwIV>.

¹³ *Donald Trump’s News Conference: Full Transcript and Video*, N.Y. Times (Jan. 11, 2017), <http://nyti.ms/2jkFUPK>.

¹⁴ David Kravitz & Al Shaw, *Trump Lawyer Confirms President Can Pull Money From His*

32. The defendant's son, Eric Trump (who is also an advisor to the defendant's trust), initially indicated that he would not communicate with his father concerning his business interests. Eric Trump has now acknowledged, however, that he will provide business updates to the President on at least a quarterly basis.¹⁵

33. The defendant has neither sought nor received "Consent of the Congress" with respect to his receipt of presents or emoluments from foreign government officials, entities, or instrumentalities.

The District of Columbia's Trump International Hotel

34. The Trump International Hotel Washington, D.C. is located on Pennsylvania Avenue, N.W., just blocks from the White House. The defendant owns and controls this hotel through various entities.

35. The defendant, through entities he owns, receives payments made to the Trump International Hotel by guests who stay in hotel rooms and patrons who use the hotel venues or other goods or services in the hotel.

36. The restaurant BLT Prime is located in the Trump International Hotel. The defendant, through various business entities, owns the restaurant, licenses the name from BLT Prime, and pays BLT Prime to operate the restaurant.¹⁶

37. Since the election, the Trump International Hotel has specifically marketed itself to the diplomatic community. On one occasion, barely a week after the election, it held an event

Businesses Whenever He Wants, ProPublica (Apr. 4, 2017), <http://bit.ly/2o1OM1C>.

¹⁵ Jennifer Calfas, *Eric Trump Says He'll Give the President Quarterly Updates on Business Empire*, Fortune (Mar. 24, 2017), <http://for.tn/2n2MRXa>; Maggie Haberman & Glenn Thrush, *Trump Reaches Beyond West Wing for Counsel*, N.Y. Times (Apr. 22, 2017), <http://nyti.ms/2rsFqvK>.

¹⁶ Jessica Sidman, *How Donald Trump Lost His DC Restaurants*, Washingtonian (Oct. 23, 2016), <http://bit.ly/2htYzq9>.

where it pitched the hotel to about 100 foreign diplomats.¹⁷ The hotel also hired a “director of diplomatic sales” to facilitate business with foreign states and their diplomats and agents, luring the director away from a competing hotel in Washington.¹⁸

38. In addition, the defendant has repeatedly appeared at the hotel since his election, adding further media attention to the property and raising its public profile. Several figures in his administration, including Treasury Secretary Steve Mnuchin and Small Business Administration Administrator Linda McMahon, have also lived or continue to live in the hotel.¹⁹

39. Diplomats and their agents have voiced their intent to stay at (or hold events at) the Trump International Hotel. “Believe me, all the delegations will go there,” one “Middle Eastern diplomat” told the *Washington Post* about the hotel.²⁰ An “Asian diplomat” agreed: “Why wouldn’t I stay at his hotel blocks from the White House, so I can tell the new president, ‘I love your new hotel!’ Isn’t it rude to come to his city and say, ‘I am staying at your competitor?’”²¹

40. These statements have become reality. The Embassy of Kuwait, a foreign state, held its National Day celebration at the Trump International Hotel on February 22, 2017.²² Upon information and belief, Kuwait paid for the venue, food, and other services provided in

¹⁷ Jonathan O’Connell & Mary Jordan, *For foreign diplomats, Trump hotel is place to be*, Wash. Post (Nov. 18, 2016), <http://wapo.st/2quklgh>.

¹⁸ *Id.*

¹⁹ Julie Bykiewicz, *Trump Hotel May be Political Capital of the Nation’s Capital*, Associated Press (Mar. 5, 2017), <http://apne.ws/2n2Rxfs>.

²⁰ *Id.*

²¹ *Id.*

²² Jonathan O’Connell, *Kuwaiti Embassy is latest to book Trump D.C. hotel, but ambassador says he felt ‘no pressure’*, Wash. Post (Dec. 20, 2016), <http://wapo.st/2pMtw21>; Jackie Northam, *Kuwait Celebration At Trump Hotel Raises Conflict of Interest Questions*, NPR (Feb. 25, 2017), <http://n.pr/2lavPoB>.

connection with the celebration. The cost has been estimated at \$40,000 to \$60,000.²³ Before the election, a “save the date” reservation had been made with the Four Seasons hotel, where the event had previously been held.²⁴ According to one report, the Embassy of Kuwait moved the event under pressure from the Trump Organization (though Kuwait’s ambassador to the United States denied being pressured).²⁵ As a result, the Trump International Hotel or its controlling entities have received one or more payments from Kuwait after 12:01 pm on January 20, 2017.

41. Between January 23 and 26, 2017 and during February 2017, the Kingdom of Saudi Arabia, a foreign state, spent thousands of dollars on rooms, catering, and parking at the Trump International Hotel. In a Foreign Agents Registration Act report filed with the Department of Justice, an agent representing the Royal Embassy of the Kingdom of Saudi Arabia reported paying the hotel \$190,272 for lodging, \$78,204 for catering, and \$1,568 for parking between October 1, 2016 and March 31, 2017, using money received from Saudi Arabia.²⁶ Some of the payments were made after the defendant’s inauguration as President.²⁷ Upon information and belief, Saudi Arabia paid at least \$250 per night for each of the rooms it rented through its agent between January 23 and 26, 2017,²⁸ and paid the hotel for meals and

²³ Julia Harte, *Kuwait could pay up to \$60,000 for party at Trump Hotel in Washington*, Reuters (Feb. 27, 2017), <http://reut.rs/2oFztKa>.

²⁴ Jackie Northam, *Kuwait Celebration At Trump Hotel Raises Conflict of Interest Questions*.

²⁵ Judd Legum & Kira Lerner, *Under political pressure, Kuwait cancels major events at Four Seasons, switches to Trump’s D.C. hotel*, ThinkProgress (Dec. 19, 2016), <http://bit.ly/2rssRzM>.

²⁶ MSLGROUP Americas Inc. d/b/a Qorvis MSLGROUP, Supplemental Statement Pursuant to the Foreign Agents Registration Act of 1938, as amended, for six month period ending 3/31/2017, filed May 31, 2017, <http://bit.ly/2rAQigE>; Chuck Ross, *Saudis Spent \$270K At Trump Hotel In Lobbying Campaign Against 9/11 Bill*, Daily Caller (June 4, 2017), <http://bit.ly/2sSKB7F>.

²⁷ Byron Tau & Rebecca Ballhaus, *Trump Hotel Received \$270,000 From Lobbying Campaign Tied to Saudis*, Wall Street Journal (June 6, 2017), <http://on.wsj.com/2s42HH9>.

²⁸ Isaac Arnsdorf, *Saudis foot tab at Trump hotel*, POLITICO (Feb. 9, 2017),

other services provided in connection with the stay. Saudi Arabia paid for individuals to have dinner at the hotel on January 23 and both breakfast and dinner on January 24.²⁹ Upon information and belief, at least one of the meals was provided by BLT Prime. Upon information and belief, Saudi Arabia paid the hotel through its agent for similar expenses associated with a visit in mid-February.³⁰ As a result, the Trump International Hotel or its controlling entities have received one or more payments from Saudi Arabia, through its agent, after 12:01 pm on January 20, 2017.

42. On or about April 6, 2017, Kaha Imnadze, the Ambassador and Permanent Representative of Georgia to the United Nations, stayed at the Trump International Hotel and then tweeted his compliments about the hotel.³¹ Upon information and belief, the government of Georgia, a foreign state, paid the hotel for his room and other services provided in connection with his stay. As a result, the Trump International Hotel or its controlling entities have received one or more payments from Georgia after 12:01 pm on January 20, 2017.

43. On information and belief, after 12:01 pm on January 20, 2017, the Trump International Hotel or its controlling entities have received and will continue to receive payments from other foreign states, instrumentalities of foreign states, or foreign officials.

44. On January 20, 2017, Trump Old Post Office LLC, the entity leasing the building in which the Trump International Hotel is located and in which the defendant has a beneficial

<http://politi.co/2kZa6mS>.

²⁹ Operations Order from Jason E. Johns, President of NMLB Veterans Advocacy Group, to Fly-In Veterans regarding the Justice Against Sponsors of Terrorism Act (Jan. 23-26, 2017), <http://bit.ly/2oiBdIp>.

³⁰ Ross, *Saudis Spent \$270K At Trump Hotel In Lobbying Campaign Against 9/11 Bill*.

³¹ Kaha Imnadze (@kahaimnadze), Twitter (Apr. 6, 2017, 8:49 AM), <http://bit.ly/2oiF8Fd>.

interest, amended its governing agreement to provide that, during the defendant's presidency, the company will not make any distributions of profits to any entity in which the defendant has a beneficial interest and will credit these undistributed profits to an unrecovered capital contribution account held for the benefit of the designated entities that defendant controls. This amendment is immaterial to whether the defendant has violated the Foreign Emoluments Clause. The defendant remains owner of approximately 77.5% of the Trump Old Post Office LLC (the remaining shares are owned by three of his children), and thereby benefits from any amounts deposited into the unrecovered capital contribution account. He further may receive distribution from those amounts once he is no longer in office.

45. Additionally, by providing that the defendant's contributions will be used by Trump Old Post Office LLC for business purposes, the amendment increased the value of one of his assets.

46. Prior to taking office, President Trump's attorney promised that all profits earned from foreign governments would be donated to the U.S. Treasury. The Trump Organization later admitted, however, that it was not tracking all payments that it received from foreign governments, and that it plans only to estimate, rather than calculate, such payments.³²

New York's Trump Tower

47. Trump Tower is a mixed-use skyscraper on Fifth Avenue in New York City. Through the use of various entities, the defendant owns and controls Trump Tower and, through entities he owns, receives payments made to Trump Tower by tenants.

³² Ari Melber, et al., *Trump Failing to Track Foreign Cash at His Hotels*, NBC News (May 24, 2017), <http://nbcnews.to/2qWzv3x>.

48. One of the largest tenants of Trump Tower is the Industrial and Commercial Bank of China ("ICBC"), which is a Chinese majority-state-owned enterprise.³³ As such, ICBC is an instrumentality of a foreign state.

49. After 12:01 pm on January 20, 2017, Trump Tower or its controlling entities have received one or more payments from ICBC under its lease. Trump Tower or its controlling entities will continue to receive regular payments from ICBC under its lease agreement.

50. The defendant has repeatedly referenced ICBC's Trump Tower lease in discussing his views of U.S.-China relations. During his presidential campaign in June 2015, for instance, the defendant stated: "I love China! The biggest bank in the world is from China. You know where their United States headquarters is located? In this building, in Trump Tower."³⁴ Similarly, in March 2016, when asked about China's territorial claims in the South China Sea, the defendant told the *Washington Post*, "I do deals with them all the time. The largest bank in the world, 400 million customers, is a tenant of mine in New York, in Manhattan."³⁵

51. The term of ICBC's Trump Tower lease runs until October 2019, before the end of the defendant's term. As a result, any negotiations for a renewal or extension of the lease will occur while he is serving as President.³⁶

52. Trump Grill is a restaurant located inside Trump Tower that the defendant owns through various business entities. Upon information and belief, tenants of Trump Tower, including officials of China and other countries, have dined at Trump Grill as a result of their

³³ Caleb Melby, et al., *When Chinese Bank's Trump Lease Ends, Potential Conflict Begins*, Bloomberg (Nov. 28, 2016), <https://bloom.bg/2oQ07T4>.

³⁴ *Id.*

³⁵ *Id.*

³⁶ *Id.*

tenancy in the Tower and the foreign states themselves may host events there. Accordingly, foreign states or their instrumentalities likely have paid or will pay for services at Trump Grill. The defendant has and will continue to receive payments from various foreign states through Trump Grill.

New York's Trump World Tower

53. Trump World Tower is a skyscraper on United Nations Plaza in New York City, containing condominium units. Through the use of various entities, the defendant manages and controls Trump World Tower and, through entities he owns, receives payments made by residents of the Trump World Tower for common charges and handles rental transactions involving condominium units.

54. In 2001, the Kingdom of Saudi Arabia paid \$4.5 million to purchase a floor of Trump World Tower.³⁷ The annual common charges for building amenities for the floor totaled \$85,585 at the time. As of 2003, the most recent year for which information is publicly available, the Kingdom of Saudi Arabia paid monthly common charges of about \$7,398—or \$88,781 per year. The floor currently belongs to the Kingdom of Saudi Arabia for use by the Saudi Mission to the United Nations, which upon information and belief continues to pay common charges to the defendant.³⁸

³⁷ Stephen R. Brown, *Donald Trump made millions from Saudi Arabia, but trashes Hillary Clinton for Saudi donations to Clinton Foundation*, N.Y. Daily News (Sept. 4, 2016), <http://nydn.us/2bNEAq2>.

³⁸ *Id.*

55. In 2015, the defendant said about Saudi Arabia: “I get along great with all of them. They buy apartments from me.” He further noted: “They spend \$40 million, \$50 million. Am I supposed to dislike them? I like them very much.”³⁹

56. The Kingdom of Saudi Arabia is a foreign state, and the Saudi Mission to the United Nations is an instrumentality of a foreign state.

57. In 2002, the Permanent Mission of India to the United Nations, an instrumentality of a foreign state, paid \$5.1 million to purchase two units in Trump World Tower from the defendant.⁴⁰ As of 2003, the most recent year for which information is publicly available, the Mission paid monthly common charges of approximately \$3,639—or \$43,670 per year. The units continue to belong to the Mission, which upon information and belief continues to pay common charges to the defendant.

58. In 2009, the Permanent Mission of Afghanistan to the United Nations, an instrumentality of a foreign state, paid \$4.235 million to purchase a unit in Trump World Tower.⁴¹ As of 2003, the most recent year for which information is publicly available, the common monthly charges for the unit purchased by the Mission were approximately \$2,090 per month—or \$25,085 per year. The unit continues to belong to the Mission, which upon information and belief continues to pay common charges to the defendant.

59. In 2004, the Permanent Mission of Qatar to the United Nations, an instrumentality of a foreign state, paid \$1,995,000 to purchase a unit in Trump World Tower,

³⁹ *Id.*

⁴⁰ N.Y.C. Dep’t of Finance, Office of the City Registrar, Condo. Unit Deed: 845 U.N. Ltd. P’ship To The Permanent Mission of India to the U.N. (Dec. 23, 2002), <http://on.nyc.gov/2pb8Obx>.

⁴¹ Max Abelson, *Afghanistan Buys \$4.2 M. Trump Condo (with ‘Peacefulness and Views’)*, Observer (Sept. 11, 2009), <http://bit.ly/2oQ74n3>.

and in 2012, it paid \$8.375 million to purchase two additional units in Trump World Tower. As of 2003, the most recent year for which information is publicly available, the common monthly charges for the units purchased by the Mission were a total of approximately \$5,660 per month—or \$67,920 per year. The units continue to belong to the Mission, which upon information and belief still pays common charges to the defendant.

60. The defendant, through entities he owns, receives payments made to Trump World Tower by tenants and owners of units in the building through their payment of common charges and other fees. On information and belief, these payments include management and other fees paid to the building's management company, an entity owned by the defendant.

61. Trump World Tower or its controlling entities will continue to receive regular common charge payments from Saudi Arabia, India, Afghanistan, and Qatar, and those payments will flow to the defendant.

62. The World Bar is a bar located in Trump World Tower.

63. Tenants of the Trump World Tower, including officials from Saudi Arabia, India, Afghanistan, and Qatar have patronized (or will patronize) the World Bar. Further, foreign states or agents or instrumentalities of these or other foreign states have hosted and will host events at the World Bar due to its location near the United Nations. By reason of his financial stake in Trump World Tower, the defendant will either receive payments from foreign states made to the World Bar, or the revenue that the World Bar receives, including from foreign states, affects the amount of rent that the defendant is able to charge the World Bar.

Chinese trademarks

64. The defendant began to seek trademark protection in China for the use of his name in connection with building construction services in 2006. His application was rejected by the Trademark Office, and he subsequently lost his appeals to the Trademark Review and

Adjudication Board, the Beijing Intermediate People's Court, and the Beijing High People's Court.⁴² The defendant suffered his most recent court defeat in May 2015, the month before he declared his candidacy for President.

65. Three weeks after his election, on December 2, 2016, the defendant spoke directly with Taiwanese President Tsai Ing-wen.⁴³ That conversation broke longstanding protocol and suggested that the defendant might end the "One China" policy that the United States had observed for decades. The defendant further indicated before taking office that he might end the One China policy unless some benefit were received in exchange.⁴⁴

66. On February 9, 2017, however, the defendant spoke with Chinese President Xi Jinping and pledged to honor the One China policy.⁴⁵ Five days later, on February 14, 2017, China reversed its prior course and gave the defendant trademark protection.

67. Chinese law prohibits awarding trademarks that are "the same as or similar to the name of leaders of national, regional, or international political organizations."⁴⁶

68. Even though China had denied the defendant trademark protection for more than ten years, including in a ruling from an appellate court, and despite Chinese law barring the use of foreign leaders' names as trademarks, China reversed course and decided to grant the defendant the trademark he had sought and valued. But China did so only after he had been

⁴² Erika Kinetz, *With Trump's win in China, will Trump toilets get flushed?* Associated Press (Feb. 14, 2017), <http://apne.ws/2mfcK9N>.

⁴³ Jordan Fabian & Neetzan Zimmerman, *Trump makes history with phone call to Taiwan leader*, The Hill (Dec. 2, 2016), <http://bit.ly/2prWnYu>.

⁴⁴ Jordan Fabian & Evelyn Rupert, *Trump promises Chinese president he'll honor 'one China' policy*, The Hill (Feb. 9, 2017), <http://bit.ly/2pbgZUW>; Laurel Raymond & Judd Legum, *Trump's trademark tests Chinese law*, Think Progress (Feb. 18, 2017), <http://bit.ly/2pXHZZT>.

⁴⁵ Fabian & Rupert, *Trump promises Chinese president he'll honor 'one China' policy*.

⁴⁶ Raymond & Legum, *Trump's trademark tests Chinese law*.

elected President, questioned the One China policy, was sworn in, and then re-affirmed the One China policy.

69. The trademarks have considerable value because they give the Trump Organization the sole right to profit from the Trump brand in China. China's granting of these trademarks constitutes a present or emolument provided to the defendant.

70. When asked why the defendant changed his position on the One China policy, and whether he had received something in exchange from China, White House Press Secretary Sean Spicer answered: "The President always gets something," but did not elaborate.⁴⁷

International versions and distribution of "The Apprentice" and its spinoffs

71. The defendant earns royalties and other payments from the distribution in other countries of the television program "The Apprentice" and its spinoffs (including "The Celebrity Apprentice" and "The New Celebrity Apprentice," for which he is still an executive producer), and also from international versions of the programs produced in other countries. In some instances, these payments originate from foreign governments or their agents or instrumentalities. For instance, the defendant is paid for a version of the program "The Apprentice" that airs in the United Kingdom.⁴⁸ The network that broadcasts "The Apprentice" and spinoff shows in the United Kingdom is an instrumentality of a foreign state.

72. After 12:01 pm on January 20, 2017, the defendant has received and will continue to receive payments from foreign states via their payments for "The Apprentice" or its spinoffs

⁴⁷ Madeline Conway, *Spicer on Trump's 'One China' agreement: 'The president always gets something'*, POLITICO (Feb. 27, 2017), <http://politi.co/2prZpf7>.

⁴⁸ Madeline Berg, *Here's How Much Donald Trump Will Earn From Producing 'Celebrity Apprentice'*, Forbes (Dec. 13, 2016), <http://bit.ly/2pY0S9h>.

and international versions. Such payments constitute presents or emoluments that the defendant has accepted and will accept from a foreign state.

Other foreign connections, properties, and businesses

73. **United Arab Emirates.** The defendant's company is engaged in several real-estate projects in the United Arab Emirates, including Dubai's Trump International Golf Club, which opened on February 18, 2017.⁴⁹ Upon information and belief, the defendant, through various business entities, has a branding-and-management contract with the property, and thereby possesses a financial interest in the Trump International Golf Club.

74. All services for the golf club, including electricity, water, and roads, "come at the discretion of the government," and the "club's bar will need government approvals to serve alcohol, not to mention other regulatory issues."⁵⁰

75. The golf club and other projects cannot be built or operated without permits, utility, and other services and approvals. These discretionary approvals accordingly confer value on the defendant, through his financial stake in the company receiving them, in violation of the Foreign Emoluments Clause.

76. **Indonesia.** The defendant's company is engaged in at least two real-estate projects in Indonesia, including redeveloping a resort in Bali.⁵¹ Upon information and belief, the

⁴⁹ Sudarsan Raghavan, *Trump's sons get red carpet treatment at Dubai golf club opening*, Wash. Post (Feb. 18, 2017), <http://wapo.st/2pY20tL>.

⁵⁰ Jon Gambrell, *Golf Club Shows Pitfalls of His Presidency*, Associated Press (Jan. 3, 2017), <http://apne.ws/2j0gOVk>.

⁵¹ Ian Jarrett, *Pan Pacific makes way for Trump in Bali*, Travel Weekly (Feb. 17, 2017), <http://bit.ly/2nU3ANN>; Richard C. Paddock & Eric Lipton, *Trump's Indonesia Projects, Still Moving Ahead, Create Potential Conflicts*, N.Y. Times (Dec. 31, 2016), <http://nyti.ms/2kKSKLp>; Russ Choma, *Trump's Indonesian Business Partner Brags About His Access*, Mother Jones (Feb. 10, 2017), <http://bit.ly/2kujqMC>.

defendant, through various business entities, has a licensing-and-management agreement with these projects, through which he possesses a financial interest in them.

77. Completing the projects required or will require permits and approvals from the Indonesian government. The defendant will receive value from these discretionary permits and approvals through his financial stake in the company receiving them, in violation of the Foreign Emoluments Clause.

78. **Other.** The defendant also owns, operates, and licenses numerous other businesses throughout the United States and abroad, including other hotels, other properties for sale or lease, and golf courses and clubs.⁵² The defendant, through his financial stake in the company or companies receiving them, derives value from the foreign permits and approvals associated with the owning and operation of those businesses in violation of the Foreign Emoluments Clause. In addition, revenues from foreign states' patronage of his hotels, golf clubs, and other businesses may flow to the defendant. After 12:01 pm on January 20, 2017, the defendant, through at least one of his various businesses, properties, and other entities has received one or more presents or emoluments from foreign states and will continue to do so.

B. The defendant's Domestic Emoluments Clause violations

79. As alleged above, the defendant owns and controls hundreds of businesses throughout the country, including hotels and other properties. The defendant personally benefits from the business dealings of these entities and agreements associated with them, and is and will be enriched by their business with state governments or federal agencies within the scope of the Domestic Emoluments Clause.

⁵² U.S. Office of Gov't Ethics, Donald J. Trump, 2016 Executive Branch Personnel Public Financial Disclosure Report (May 16, 2016), <http://bit.ly/2gBUwIV>.

The District of Columbia's Trump International Hotel

80. On August 5, 2013, Trump Old Post Office LLC, a business entity owned primarily by the defendant, signed a 60-year lease with the General Services Administration ("GSA")—an independent agency of the United States, whose administrator is appointed by the President—to open a hotel in the Old Post Office Building in the District of Columbia.

81. More than 76% of Trump Old Post Office LLC is owned by DJT Holdings LLC, which is in turn owned almost entirely by the Donald J. Trump Revocable Trust, of which the defendant is the sole beneficiary. The Trump International Hotel Washington, D.C. is located at this site. The defendant has not divested his interest in the lease since becoming President.

82. Section 37.19 of the Old Post Office lease states: "No . . . elected official of the Government of the United States . . . shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom." A violation of Section 37.19 is a non-monetary breach and a default unless it is remedied within 30 days after notice from the GSA. Accordingly, the defendant has been in breach of the lease with the GSA since 12:01 pm on January 20, 2017, when he became President.

83. Before the defendant's inauguration, the GSA's Deputy Commissioner indicated to Representatives Elijah Cummings, Peter DeFazio, Gerald Connolly, and André Carson that the defendant would be in violation of the lease unless he "fully divests himself of all financial interests in the lease" for the Trump International Hotel, which he has not done. Shortly after the inauguration, Norman Dong, a GSA official appointed by former President Obama, became acting administrator. But less than a day later, the defendant replaced Mr. Dong with Tim Horne, who had coordinated the GSA's transition with the defendant's campaign.⁵³

⁵³ Isaac Arnsdorf, *Trump Picks Leader for Federal Agency Overseeing His D.C. Hotel*,

84. Several weeks later, on March 16, 2017, the defendant released a proposed 2018 budget increasing GSA's funding, while cutting all (or nearly all) other non-defense-related agencies' budgets.⁵⁴ One week after that, on March 23, the GSA issued a letter stating that—contrary to the lease's plain terms—Trump Old Post Office LLC “is in full compliance with Section 37.19 [of the lease] and, accordingly, the lease is valid and in full force and effect.”⁵⁵ A significant portion of the letter reviews the purported financial benefits of the lease to the GSA and taxpayers—even though those benefits are immaterial to the question of breach.

85. Attached to the March 23, 2017 letter was an amendment to the agreement governing the business of Trump Old Post Office LLC. This amendment is the basis of the GSA's position that the tenant is in compliance with the lease, but the letter does not explain how the amendment brings the tenant into compliance. In fact, as described above, the amendment does not prevent the defendant from receiving “any benefit” from the lease, and Trump Old Post Office LLC remains in breach of the lease.

86. In forbearing from enforcing the Old Post Office lease's default and termination procedures, despite the tenant's breach of its terms, and in cooperating with the tenant in attempting to create the appearance of compliance with the lease, the federal government has given the defendant an emolument in violation of the Domestic Emoluments Clause.

87. Additionally, the defendant, through entities he owns, is seeking a \$32 million historic-preservation tax credit for the Trump International Hotel. Approval of this credit is at

POLITICO (Jan. 26, 2017), <http://politi.co/2psgMfU>.

⁵⁴ Office of Mgmt. & Budget, Exec. Office of the President, America First, A Budget Blueprint to Make America Great Again (2017), <http://bit.ly/2nvjrBO>.

⁵⁵ Letter from Kevin M. Terry, Contracting Officer, United States Gen. Servs. Admin., to Donald J. Trump, Jr. (Mar. 23, 2017), <http://bit.ly/2nhKfaB>.

the discretion of the National Park Service, an instrumentality of the federal government now under the defendant's authority.⁵⁶ If approved, the tax credit would offset approximately 20% of the cost of rehabilitating the building in which the Trump International Hotel is operating.

88. On November 14, 2016, the defendant received approval from the National Park Service for the second phase of the three-step-approval process. If final approval is granted, it may constitute an emolument, in violation of the Domestic Emoluments Clause.

Mar-a-Lago Club

89. The Mar-a-Lago Club is a private club and estate located in Palm Beach, Florida. It is comprised of 20 acres of land, with a main mansion of over 100 rooms, along with a beach club, pools, tennis courts, and a 20,000 square foot ballroom for private events. The estate itself was purchased by the defendant in 1985. A decade later, in 1995, the defendant opened the club as a hotel and resort for dues-paying members of the public. It is owned by the defendant directly or owned by entities that he directly controls.

90. The defendant, through entities he owns, receives payments made to the Mar-a-Lago Club by members and guests who join or visit the club, or rent space there, or pay for other goods or services at the club.

91. Membership in the Mar-a-Lago Club requires payment of an initiation fee of \$200,000, plus tax, as well as \$14,000 a year in annual dues. This fee was doubled following the defendant's election as President—an increase from \$100,000 to \$200,000.⁵⁷ Since his election,

⁵⁶ Eric Levitz, *Trump Won the Presidency, Then Approval on a Tax Subsidy for His Hotel*, New York Mag. (Nov. 30, 2016), <http://nym.ag/2oFF1o9>.

⁵⁷ Robert Frank, *Mar-a-Lago Membership Fee Doubles to \$200,000*, CNBC (Jan. 25, 2017), <http://cnb.cx/2kJc2j>.

the defendant has also attempted to capitalize on his office by advertising his private property to foreign governments and individuals.

92. The State Department and at least two U.S. Embassies—those located in the United Kingdom and Albania—have promoted the Mar-a-Lago estate and club on their respective websites by posting a 400-word blog post, originally written by Leigh Hartman for a State Department-managed website, “Share America,” on April 4, 2017.⁵⁸

93. The State Department and embassies’ actions have served to promote Mar-a-Lago as the defendant’s “Florida estate” and claimed that it “has become well known as the president frequently travels there to work or host foreign leaders.”⁵⁹

94. The State Department is an executive department within the federal government under the defendant’s authority.

95. ShareAmerica, the blog for which the post was originally written, is specifically directed towards foreign individuals and governments.⁶⁰

96. This post advertising Mar-a-Lago has since been removed from the websites of the State Department and the embassies, but not before substantive, world-wide advertising of the defendant’s private property, using government resources, had occurred.

97. The defendant has used his official position as President to promote his Mar-a-Lago property. He has designated Mar-a-Lago as the “Winter White House,” and also refers to it

⁵⁸ Darren Samuelsohn, *State Department, U.S. Embassies Promoting Trump’s Mar-a-Lago*, POLITICO (Apr. 24, 2017), <http://politi.co/2peC7Jb>.

⁵⁹ *Mar-a-Lago: The winter White House*, <http://bit.ly/2paWtRK> (blog post subsequently removed; former blog post shown at Dan Merica, *State Department removes Mar-a-Lago blog post*, CNN (Apr. 25, 2017), <http://cnn.it/2pdRu2x>).

⁶⁰ *About Us*, ShareAmerica, <https://share.america.gov/about-us/> (last visited June 9, 2017).

as the “Southern White House.”⁶¹ Since taking office, he has visited Mar-a-Lago on at least seven occasions, and has met with a number of foreign leaders there, including Japanese Prime Minister Shinzo Abe and the President of the People’s Republic of China, Xi Jinping.⁶²

98. Upon information and belief, federal, state, and local governments, or their instrumentalities, have made and will continue to make payments for the use of facilities owned or operated by the defendant for a variety of functions. The defendant will receive a portion of those payments, which constitute emoluments prohibited by the Domestic Emoluments Clause.

99. Although the exact extent of these emoluments is not currently known, examples of current or potential violations include “public pension funds in at least seven U.S. states”—but not the State of Maryland or the District of Columbia—that “have invested millions of dollars in an investment fund that owns a New York hotel and pays one of President Donald Trump’s companies to run it, according to a Reuters review of public records.”⁶³ And the defendant has

⁶¹ See, e.g., Press Briefing by Press Secretary Sean Spicer (Feb. 2, 2017) (“Luckily, for those of you who are going to be joining the President down to Florida this weekend, you’ll get some time to get a glimpse of summer at the ‘Winter White House’ in Mar-a-Lago.”), <http://bit.ly/2k5Q3lZ>; Remarks by President Trump in Listening Session with the National Association of Manufacturers (Mar. 31, 2017) (“The President: . . . As you know the President of China is coming to Florida. We’re having a meeting—big meeting—at Mar-a-Lago. We call it the Southern White House, which it actually is. It was originally built as the Southern White House, a lot of people don’t know.”), <http://bit.ly/2rUH0ZI>.

⁶² See Background Briefing by Senior Administration Officials on the Visit of President Xi Jinping of the People’s Republic of China (Apr. 4, 2017) (“SENIOR ADMINISTRATION OFFICIAL: . . . I’m certain it was President Trump’s invitation that they meet outside of Washington, D.C.—. . . you know, you’ve heard people refer to it as the ‘winter White House.’ It’s a place where he feels comfortable and at home, and where he can break the ice with Xi Jinping without the formality, really, of a Washington meet-up.”), <http://bit.ly/2nVQy26>.

⁶³ Julia Harte, *Exclusive: A New York hotel deal shows how some public pension funds help to enrich Trump*, Reuters (Apr. 26, 2017), <http://reut.rs/2oIONEp>.

received (or will likely receive) a host of other potential emoluments from federal, state, and/or local governments.

C. Post-inauguration premium for the defendant's goods and services

100. Since the defendant's inauguration as President, goods and services sold by his various Trump businesses have sold at a premium. The defendant's high office gives the Trump brand greater prominence and exposure. Moreover, these goods and services provide (or have the potential to provide) a unique benefit: access to, influence on, and the goodwill of the President of the United States.

101. Thus, for example, the starting rate for "guest rooms" at the defendant's Old Post Office hotel increased to \$500 on most nights, up hundreds of dollars from when the hotel first opened shortly before the defendant's election.⁶⁴

102. Further, as discussed earlier, the initiation fee for membership at defendant's Mar-a-Lago resort doubled from \$100,000 to \$200,000 shortly after he was elected.⁶⁵

D. The plaintiffs' interests in this litigation

103. The plaintiffs' interests in this litigation are substantial. They are harmed by the defendant's constitutional violations in at least two distinct ways. *First*, they have suffered (and will continue to suffer) harm to their sovereign and/or quasi-sovereign interests, including Maryland's interest in preserving its rightful status within our federal system; the plaintiffs' interest in not being subjected to unfair competition by virtue of ongoing violations of constitutional provisions designed to guard against corruption and to protect interests distinct to the states themselves; the plaintiffs' interest in protecting their economies and their residents from

⁶⁴ The Associated Press, *Trump Hotel May Be Political Capital of Nation's Capital*, *Fortune* (Mar. 5, 2017), <http://for.tn/2rsCsXI>.

⁶⁵ Robert Frank, *Mar-a-Lago membership fee doubles to \$200,000*.

economic harm; and Maryland's interest in preserving its tax revenue. *Second*, the plaintiffs have suffered (and will continue to suffer) proprietary and other financial harms as a result of the defendant's ongoing constitutional violations. These injuries can be redressed by a declaration that the defendant is in violation of the Emoluments Clauses and an injunction preventing his continued violation of them.

Sovereign and quasi-sovereign injuries to the plaintiffs

104. *Maryland's sovereign interest in enforcing the terms on which it agreed to enter the Union.* Before adopting the federal Constitution, Maryland and its sister states were truly independent sovereigns. Many of these states—including Maryland—had incorporated protections against public corruption into their own legal codes and constitutions, with specific prohibitions on public officials accepting payments from federal, state, or foreign governments. The Maryland Declaration of Rights, adopted August 14, 1776, provides that “all persons invested with the legislative or executive powers of government are the trustees of the public,” and contains a precursor to the U.S. Constitution's Emoluments Clauses.⁶⁶ This precursor combines the concerns of the two clauses into a single prohibition: “That no person ought to hold, at the same time, more than one office of profit, nor ought any person, in public trust, to receive any present from any foreign prince or state, or from the United States, or any of them, without the approbation of this State.”⁶⁷ The Maryland Constitution of 1776 further provided for banishment “forever” as a potential punishment for a governor sharing “directly or

⁶⁶ Md. Declaration of Rights of 1776, art. 4 (Aug. 14, 1776).

⁶⁷ *Id.*, art. 32.

indirectly” in the profits of another office, and also prohibited the governor from receiving part of the profits of supplying the army and navy.⁶⁸

105. Maryland’s historical prohibition against foreign and domestic emoluments is consistent with the constitutions adopted by the other colonies at the time. The Pennsylvania Constitution of 1776, which Benjamin Franklin helped draft, made clear “[t]hat government is, or ought to be, instituted for the common benefit, protection and security of the people, nation or community; and not for the particular emolument or advantage of any single man, family, or sett of men, who are a part only of that community.”⁶⁹ The South Carolina Constitution of 1776,⁷⁰ and the Massachusetts Constitution of 1780,⁷¹ contained similar prohibitions against corruption of public officials.

106. The prohibitions contained in the Domestic and Foreign Emoluments Clauses were thus material inducements to the states entering the union. As a state sovereign, Maryland retains its power to bring suit to enforce those prohibitions today.

107. ***The plaintiffs’ governmental interest in not being compelled to compete improperly for influence or favor.*** As explained above, the Domestic

⁶⁸ Md. Const. of 1776, arts. 33 and 53.

⁶⁹ Const. of Pa., Declaration of the Rights of the Inhabitants of the Commonwealth or State of Pennsylvania, art. V; *see also id.* at § 36 (“As every freeman to preserve his independence, (if without a sufficient estate) ought to have some profession, calling, trade or farm, whereby he may honestly subsist, there can be no necessity for, nor use in establishing offices of profit, the usual effects of which are dependence and servility unbecoming freemen, in the possessors and expectants; faction, contention, corruption, and disorder among the people. But if any man is called into public service; to the prejudice of his-private affairs, he has a right to a reasonable compensation: And whenever an office, through increase of fees or otherwise, becomes so profitable as to occasion many to apply for it, the profits ought to be lessened by the legislature.”).

⁷⁰ S.C. Const. of 1776, art. X.

⁷¹ Mass. Const., ch. II, art. XIII.

Emoluments Clause in particular reflects the Framers' deep concern that one or more of the states (or the federal government) might seek to buy off the President so that he would exercise power to their advantage and to the detriment of other states, thereby disrupting the balance of power in the federalist system. Thus, the Domestic Emoluments Clause aims to prevent "the United States, or any of them," from feeling compelled (or being compelled) to confer private financial benefits on the President in order to compete for influence and favor.

108. The District and Maryland each have a governmental interest in the enforcement of their respective laws regarding taxation, environmental protection, zoning, and land use as they relate to real property that the defendant or the "Trump Organization" may own or seek to acquire. The defendant and his affiliated enterprises have a large and expanding portfolio of real-estate holdings, including a hotel in the District, and the defendant's Trump International Realty, otherwise known as T International Realty LLC, is registered to conduct business in Maryland.⁷²

109. Real-estate acquisition, ownership, and development implicate a range of legal requirements under the laws of the District and Maryland, including tax laws that generate revenue for the District, Maryland, and their instrumentalities. The defendant has boasted that he has achieved success in real-estate acquisition and development by using his financial clout and political connections to extract from governments maximum concessions, exemptions, waivers, and variances with respect to taxes and other requirements imposed by law.⁷³

⁷² Md. State Dep't of Assessments and Taxation, Md. Business Express, Registration for Trump International Realty, <http://bit.ly/2qXZWpQ>.

⁷³ Geraldine Baum, Tom Hamburger & Michael J. Mishak, *Trump has thrived with government's generosity*, L.A. Times (May 11, 2011), <http://lat.ms/1UGMtc8>; Jillian Kay Melchior, *Donald Trump Has Mastered the Art of the Tax Break*, National Review (Aug. 19, 2015) ("Trump has long sought subsidies, tax breaks, and other preferential treatment from the government."),

Indications to date suggest that this longstanding practice of the Trump Organization did not cease upon the defendant's election to the Presidency; rather, there is evidence that the defendant's ascendancy to the highest office in the land has enhanced his organization's ability to win concessions from governments with respect to his properties.⁷⁴

110. The defendant's acceptance or receipt of presents and emoluments in violation of the Constitution presents the District and Maryland with an intolerable dilemma: either (1) grant the Organization's requests for concessions, exemptions, waivers, variances, and the like and suffer the consequences, potentially including lost revenue and compromised enforcement of environmental protection, zoning, and land use regulations, or (2) deny such requests and be placed at a disadvantage vis-à-vis states and other government entities that have granted or will agree to such concessions. Either way, the result is the very type of injury that the Domestic Emoluments Clause was designed to prevent.

111. Moreover, the District and Maryland, which rank first and fourth, respectively, in per capita amount of federal government expenditures, are particularly susceptible to injury resulting from budgetary decisions that are subject to the corrupting influence of emoluments.⁷⁵ Federal funds make up approximately 25% of the District's fiscal year 2018 budget,⁷⁶ and Maryland is relying on federal funds for nearly 30% of the State government's budget for fiscal

<http://bit.ly/1rher3Y>.

⁷⁴ Michael LaForgia & Steve Eder, *When That Feisty Neighbor Becomes the President*, N.Y. Times (May 6, 2017), <http://nyti.ms/2qXUxPw>.

⁷⁵ U.S. Dept. of Commerce, *Consolidated Federal Funds Report for Fiscal Year 2010* (Sept. 2011) at 23, 32, <http://bit.ly/2r6mJRe>.

⁷⁶ Council of the District of Columbia, Committee of the Whole, *Report on Bill 22-241, the "Fiscal Year 2018 Federal Portion Budget Request Act of 2017"* (May 30, 2017) at 2, <http://bit.ly/2s0x6Fz>.

year 2018.⁷⁷ Federal government spending accounted for more than 42% of the District's gross domestic product and more than 28% of Maryland's in fiscal year 2014.⁷⁸ Both the District and Maryland are home to headquarters for federal agencies. Civilian federal agencies employ approximately 17% of the workforce in the District⁷⁹ and 10% of Maryland's total workforce.⁸⁰ Federal agencies annually have spent more than \$21 billion for procurement in the District and more than \$26 billion for procurement in Maryland.⁸¹ Given this significance of federal government spending and operations, and the President's significant role in determining how, when, and where federal funds are spent, the conflict of interest inherent in the defendant's receipt of emoluments directly and profoundly affects the District and Maryland.

112. The plaintiffs seek to protect this distinct interest, and thereby vindicate their role as governments in our constitutional scheme.

113. ***The plaintiffs' interest in preventing economic injury to their residents and their economies.*** The District is home to 680,000 residents, while the State of Maryland is home to over 6.1 million residents. Residents of both the District and Maryland participate in a thriving hospitality industry that comprises a substantial part of the plaintiffs' economies. For

⁷⁷ Md. Dept. of Legislative Services, *The 90 Day Report: A Review of the 2017 Legislative Session* at A-3, A-28, <http://bit.ly/2r6gIEs>.

⁷⁸ Pew Charitable Trusts, *Issue Brief: Federal Spending in the States 2005 to 2014* (Mar. 3, 2016) at 6, <http://bit.ly/1QIOq43>.

⁷⁹ Office of Personnel Management, Data, Analysis & Documentation: Federal Employment Reports (Sept. 2015), <http://bit.ly/2qZWcRE>; District of Columbia, Wage and Salary Employment by Industry and Place of Work (Dec. 2015), <http://bit.ly/2raFjhF>.

⁸⁰ John Fritze, *Trump's Budget Suggests Major Changes in Md.*, Baltimore Sun (Mar. 16, 2017), <http://bsun.md/2r6n1Yk>.

⁸¹ U.S. Dept. of Commerce, *Consolidated Federal Funds Report for Fiscal Year 2010* (Sept. 2011) at 37, 48, <http://bit.ly/2r6mJRe>.

example, in 2014, visitors to the District generated approximately \$6.81 billion in spending⁸² and drove \$3.86 billion in wages⁸³ for 74,570 employees in the District's hospitality industry.⁸⁴ In Maryland, tourists and travelers spent nearly \$17 billion in 2015, yielding \$5.7 billion in wages for more than 140,000 employees,⁸⁵ including more than 72,000 hospitality industry workers employed in the two Maryland counties that border the District of Columbia.⁸⁶ Both the District and Maryland regulate competition and transparency in this industry through laws that prohibit anticompetitive or deceptive practices and protect consumers.

114. Residents of the District and Maryland are injured by the payment of presents and emoluments to the defendant because it tilts the competitive playing field toward his businesses; causes competing companies and their employees to lose business, wages, and tips; and generates a range of market distortions that restrict and curtail opportunity, diminish revenues and earnings, and hamper competition.

115. The District and Maryland have the authority and right to vindicate their interest in providing and preserving a level playing field in the hospitality industry, and in ensuring that their residents are free from the injuries and competitive disadvantages that flow from defendant's violations of the Emoluments Clauses.

⁸² Office of the Deputy Mayor for Planning and Economic Development, *Hospitality and Tourism*, <https://dmped.dc.gov/page/hospitality-and-tourism>.

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ Md. Tourism Development Board, *FY 2016 Tourism Development Annual Report* (Jan. 4, 2017) at 3, <http://bit.ly/2r0k3Ra>.

⁸⁶ Md. Dept. of Commerce, *Montgomery County, Md.: Brief Economic Facts* (2017) at 2, <http://bit.ly/2rFHvG2>; Md. Dept. of Commerce, *Prince George's County, Md.: Brief Economic Facts* (2017) at 2, <http://bit.ly/2sY6P8e>.

116. ***Maryland's sovereign interests in tax revenues.*** The defendant's violations of the Emoluments Clauses also injure Maryland's interest in preserving tax revenue for the benefit of its residents. For example, National Harbor is a resort development with hotels, a casino, restaurants, entertainment, a marina, and shops located on the Potomac River in Prince George's County, Maryland. Although Maryland does not own National Harbor, the various hotels and other businesses in the complex generate significant tax revenue for state and local governments, through income tax assessed on the businesses and their employees, sales tax, hotel tax, and other taxes and fees.

117. The National Harbor development includes MGM National Harbor, a hotel, entertainment, shopping, and casino complex that is subject to a Community Benefit Agreement between MGM National Harbor, LLC, and the government of Prince George's County, a subdivision of the State of Maryland.⁸⁷ The Community Benefit Agreement sets goals encouraging MGM National Harbor to hire Prince George's County residents, to contract with minority business enterprises and other businesses located in the County, and to create investment opportunities for County residents. The casino is operated under a gaming license granted by the Maryland Lottery and Gaming Control Commission, a state government entity. Under Maryland law, the state and local governments receive 56% of the proceeds generated by MGM National Harbor's video lottery terminals and 20% of the gross proceeds generated by its table games.⁸⁸ In the first four months of 2017, MGM National Harbor's casino proceeds contributed more than \$75 million in revenue to state and local government treasuries to fund

⁸⁷ See County Council of Prince George's County, Md., Resolution No. CR-68-2014 (July 23, 2014) (approving Community Benefit Agreement), <http://bit.ly/2rotRaS>.

⁸⁸ Md. Code Ann., State Gov't § 9-1A-27; Md. Lottery and Gaming Control Agency, *Maryland Casinos Generate \$135.7 Million in Revenue During April*, <http://bit.ly/2s8zSsD>.

various public purposes, including more than \$55 million for the State's Education Trust Fund.⁸⁹ Any circumstance that impairs National Harbor's ability to attract visitors and guests will diminish the revenues on which the state and local governments depend.

118. Trump International Hotel, located in the District of Columbia, is a direct competitor of National Harbor's hotels and other businesses, including MGM National Harbor. Those hotels and businesses suffer competitive harm by the defendants' ongoing constitutional violations, and Maryland's tax coffers, in turn, are diminished as a result.⁹⁰

Proprietary and other financial injuries to the plaintiffs

119. ***The District of Columbia.*** The District has a financial interest in properties, venues, and other enterprises located within the District as owner, lender, or landlord.

120. The District owns the Walter E. Washington Convention Center. The Washington Convention and Sports Authority (also known as Events DC), is an instrumentality of the government of the District of Columbia. Events DC operates event and conference venues in the District, including the Walter E. Washington Convention Center, D.C. Armory, and Carnegie Library.

121. The District, through Events DC, serves the diplomatic community and foreign and state governments by providing services that compete with those owned or controlled by the defendant or the Trump Organization.

122. In fiscal year 2016, Events DC generated over \$30 million in revenue from building rental and ancillary charges. A portion of Events DC's revenue is based on demand for the Convention Center, D.C. Armory, and Carnegie Library.

⁸⁹ *Id.*

⁹⁰ Benjamin Freed, *MGM Says Its National Harbor Resort Will 'Blow Away' Donald Trump's DC Hotel*, Washingtonian (Jan. 20, 2016), <http://bit.ly/2qXV7g6>.

123. On August 9, 2016, the Embassy of Colombia partnered with the U.S. Soccer Foundation to host an Olympic watch party at the Carnegie Library for the soccer match between the U.S. Women's National team and Colombia.⁹¹

124. On September 6, 2016, the Embassy of Tajikistan celebrated Tajikistan Independence Day at a reception held at the Carnegie Library.⁹²

125. As discussed above, Trump International Hotel Washington, D.C., specifically markets its hotel rooms, event space, and food and beverage services to the diplomatic community and foreign governments.

126. The defendant, his family, and other members of the defendant's administration have continued to promote his hotel properties, such as by making multiple appearances at those properties, including in connection with official business.

127. Since the defendant's inauguration, foreign governments (including the Embassy of Kuwait and the Kingdom of Saudi Arabia) have held events at the hotel, and public officials have stated that, since the defendant was elected president, they are more likely to pay for goods and services at the defendant's properties in an attempt to curry favor with him.

128. The defendant's receipt or acceptance of presents or emoluments through the Trump International Hotel Washington, D.C. and other properties owned or controlled by the defendant or the Trump Organization has resulted in a competitive injury to the Walter E. Washington Convention Center, D.C. Armory, and Carnegie Library.

⁹¹ Olympic Watch Party, US Soccer Foundation website (last visited June 10, 2017), <http://bit.ly/2auRNlm>.

⁹² *Tajik Independence*, Washington Diplomat Facebook page (last visited June 10, 2017), <http://bit.ly/2rMR3z8>.

129. The District's interest is further injured by the loss of the economic value of its brands in comparison to defendant's brand, as foreign and state governments and their agents and instrumentalities favor his businesses for reasons related to the defendant's receipt or acceptance of presents or emoluments.

130. ***The State of Maryland.*** Maryland has a proprietary interest in properties, venues, and enterprises that directly compete with those owned or controlled by the defendant or the Trump Organization. Maryland suffers economic loss because its enterprises are placed at a competitive advantage as the result of the defendant's ongoing violations of the Foreign and Domestic Emoluments Clauses.

131. Specifically, Maryland has a direct financial interest in the Montgomery County Conference Center, part of the Bethesda North Marriott Hotel and Conference Center located in Bethesda, Maryland. The site of the hotel and conference center is owned by the Montgomery County Revenue Authority, a public corporation established by Montgomery County, which is a subdivision of the State of Maryland. The County Revenue Authority leased the conference center portion of the site to Montgomery County and to the Maryland Stadium Authority, an instrumentality of the State,⁹³ as equal tenants-in-common to develop the conference center. The development of the conference center was funded through bonds issued by the Maryland Stadium Authority, separate bonds issued by the County Revenue Authority, and direct contributions from Montgomery County. The County Revenue Authority also leased the hotel portion of the site to a consortium of private investors that funded the development of the hotel. The hotel and conference center are overseen by a management committee that includes representatives of Montgomery County and the Maryland Stadium Authority, and the facility is

⁹³ Md. Code Ann., Econ. Dev. § 10-604 (2008 Repl. Vol.).

operated by Marriott Hotel Services, Inc., under an agreement with Montgomery County. The conference center offers approximately 39,000 square feet of meeting space. In fiscal year 2016, activities at the conference center generated, directly and indirectly, an estimated \$45.9 million in spending, and yielded estimated tax revenues of more than \$2.7 million for the State and nearly \$1 million for Montgomery County.⁹⁴

132. Furthermore, as explained above, the State of Maryland has suffered financial harm because it has a sovereign interest in the receipt of tax revenues from facilities (like the National Harbor) that are in competition with businesses owned by the defendant and/or his affiliated enterprises outside the State.

133. The declaratory and injunctive relief that the plaintiffs are seeking would remedy these injuries by eliminating the plaintiffs' competitive disadvantage vis-à-vis the defendant.

V. CLAIMS

COUNT I

Violations of the Foreign Emoluments Clause (Declaratory and Injunctive Relief)

134. As discussed in detail above, the defendant has violated—and will continue to violate—the Foreign Emoluments Clause. The phrase “Person holding any Office of Profit or Trust,” as used in the clause, includes the President. The phrases “present” and “Emolument . . . of any kind whatever” together cover anything of value, including without limitation monetary and non-monetary gifts or transactions, transactions granting special treatment, and transactions above marginal cost. And the phrase “any King, Prince, or foreign State” includes any foreign government and any agent or instrumentality thereof.

⁹⁴ *Montgomery County Conference Center Economic and Fiscal Impact Analysis FY 2016, Final Report* (Jan. 2017) at 1-2.

135. The defendant has accepted “present[s]” or “Emolument[s]” directly from—or from agents or instrumentalities of—China, the United Arab Emirates, Kuwait, Indonesia, Saudi Arabia, Afghanistan, Qatar, India, Georgia, the United Kingdom, and other “foreign State[s],” without seeking or obtaining “the Consent of the Congress” as required by the Foreign Emoluments Clause.

136. As described more fully in paragraphs 29 to 78 herein, the defendant is committing or will commit these violations in connection with transactions involving the Trump International Hotel Washington, D.C., New York’s Trump Tower and Trump World Tower, restaurants the defendant owns or that are located in his hotels or other properties, the television program “The Apprentice” and its spinoffs and international versions, and other business and property interests and transactions in the United States and abroad.

137. As a direct result of these violations of the Foreign Emoluments Clause, the plaintiffs, and their residents, have suffered significant harm. They also stand to suffer additional significant harm directly from the further occurrence of these violations.

138. No plan announced by the defendant or his attorneys as of the date of this filing can make this conduct constitutional or otherwise remedy these constitutional violations.

139. The District of Columbia and the State of Maryland are entitled to injunctive and declaratory relief to stop the above-mentioned Foreign Emoluments Clause violations and any other Foreign Emoluments Clause violations. This Court has the power to grant such relief pursuant to its inherent authority to grant equitable relief and 28 U.S.C. §§ 1331 and 2201.

COUNT II
Violations of the Domestic Emoluments Clause
(Declaratory and Injunctive Relief)

140. As discussed in detail above, the defendant has also violated—and will continue to violate—the Domestic Emoluments Clause. As President, he is the sole subject of the clause.

The phrase “any other Emolument” under the clause covers remuneration beyond the President’s “Compensation” as set by Congress, including monetary and non-monetary payments or transactions, transactions granting special treatment, and transactions above marginal cost. And the phrase “the United States, or any of them” includes any part of the federal government, any state government, any local government, and any agent or instrumentality thereof.

141. The defendant is and will be accepting “any other Emolument” from “the United States, or any of them.” As described more fully in paragraphs 79 to 99 herein, the defendant has committed violations of the Domestic Emoluments Clause, and without this Court’s intervention he will continue violate the clause.

142. As a direct result of these violations of the Domestic Emoluments Clause, the plaintiffs, and their residents, have suffered significant harm. They also stand to suffer additional significant harm directly from the further occurrence of these violations.

143. No plan announced by the defendant or his attorneys as of the date of this filing can make this conduct constitutional or otherwise remedy these constitutional violations.

144. The District of Columbia and the State of Maryland are entitled to declaratory and injunctive relief to stop and prevent the above-mentioned Domestic Emoluments Clause violations and any other violations of the clause. This Court has the power to grant such relief pursuant to its inherent authority to grant equitable relief and 28 U.S.C. §§ 1331 and 2201.


**VI.
PRAYER FOR RELIEF**

WHEREFORE, the District of Columbia and the State of Maryland respectfully request that this Court enter a judgment in their favor and against the defendant, consisting of:

- (a) A declaratory judgment, stating that the defendant has violated and will continue to violate the Foreign and Domestic Emoluments Clauses, as construed by this Court;
- (b) injunctive relief, enjoining the defendant from violating the Foreign and Domestic Emoluments Clauses, as construed by this Court;
- (c) such other and further relief as this Court may deem just and proper.

Dated: June 12, 2017

THE DISTRICT OF COLUMBIA

By: 

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**pro hac vice application forthcoming*

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**pro hac vice application forthcoming*

Exhibit 4



March 23, 2017

Via Overnight Delivery and Email

Trump Old Post Office LLC
c/o The Trump Organization
725 Fifth Avenue, 25th Floor
New York, New York 10022
Attn: Donald J. Trump, Jr.

Re: Response to letters dated February 17, 2017 and March 20, 2017

Dear Mr. Trump,

On February 17, 2017, Trump Old Post Office LLC ("Tenant") submitted a letter to my attention as the Contracting Officer of Lease Number GS-LS-116-1307 ("Lease" or "OPO Lease"), setting forth Tenant's position on how its organizational structure complies with Section 37.19 of the Lease. *See* Exhibit 1.B. Tenant submitted a follow-up letter on March 20, 2017. *See* Exhibit 1.C.

To date, most of the review and reporting on Section 37.19 has focused on only a few select words, and reached simplistic "black and white" conclusions regarding the meaning and implications of the clause. However, it has been less widely reported that other legal professionals and former government contracting officials have reviewed the language and come to different conclusions.¹ As you are well aware, the parties have devoted considerable time and effort to more fully understand one another's position. Our discussions have been consistent with the expressed policy of the Government to make reasonable efforts to attempt to resolve issues at the Contracting Officer level. I thank you and your organization for more fully explaining Tenant's current organizational structure, your views on the Lease, and otherwise being accessible and responsive to our requests. In particular, I appreciate your willingness to enact additional changes to Tenant's internal operating agreement as discussed below in Section II.

Based on my review of the Lease, discussions with Tenant, and documents submitted by Tenant, I have determined that Tenant is in full compliance with Section 37.19 and, accordingly, the Lease is valid and in full force and effect. In addition, as requested in your March 20 letter, and in furtherance of Section 17.1(a) of the Lease, I have executed an Estoppel Certificate, which is attached hereto as Exhibit I.

¹ *See, e.g.,* Isaac Arnsdorf, *Trump could keep D.C. hotel despite conflict of interest*, Politico, at <http://www.politico.com/story/2016/12/trump-could-keep-dc-hotel-despite-conflict-of-interest-232144> (Dec. 3, 2016).

I. BACKGROUND

At the time the Lease was executed, the Old Post Office and Annex Building ("OPO") was a wasting asset. The building is arguably one of the most significant historic assets in the General Services Administration's ("GSA") portfolio of public buildings. Despite its importance, however, GSA was unable to make the capital investments in the building to preserve its historic integrity, let alone put it to its highest and best use. Under the Lease, in excess of \$200 million of private financing has been invested into the building, its historic integrity has been restored, and the wasting asset is now being put to productive use. *See Exhibit 1.B.*

Even prior to actually opening the hotel and generating any revenues, Tenant began making payments to GSA under the Lease in the amount of \$250,000 per month. By the time of the hotel's official opening, GSA and the taxpayers had already received approximately \$5.1 million. Thus, the Lease turned a building that had been costing taxpayers millions of dollars per year into a revenue-generating asset. *See Exhibit 1.B.*

A. MAJOR MILESTONES PRIOR TO THE NOVEMBER 2016 ELECTION

The Old Post Office Building Redevelopment Act of 2008 (P.L. 110-359) ("Act") directed the Administrator of General Services to provide for the redevelopment of the OPO. Accordingly, on March 24, 2011, GSA sought proposals for the redevelopment from the private sector. After reviewing and evaluating proposals, GSA announced the selection of Tenant as the preferred selected developer on February 7, 2012. GSA and Tenant then entered into discussions to negotiate the terms and conditions of the Lease. After concluding the negotiations, GSA submitted a report to Congress setting forth the material terms and conditions of the Lease. Following expiration of the Congressional review period established under the Act, the parties executed the Lease on August 5, 2013. In short, Tenant sought to redevelop the OPO into an approximately 263 key hotel and include a Congress Bells Galley or museum, multiple restaurants, specialty retail spaces, a spa in the main OPO Building with a grand ballroom and meeting facilities planned for the adaptive re-use of the Annex.

On May 31, 2014, GSA delivered exclusive possession of the premises to Tenant, and on August 12, 2014, GSA issued a notice to proceed, which authorized Tenant to begin construction. *See Exhibits 2 & 3.* On September 12, 2016, GSA provided a temporary certificate of occupancy to allow Tenant to conduct a "soft opening." *See Exhibit 4.* The official opening date of the hotel occurred on October 26, 2016, and it has been in continuous operation since that date. *See Exhibit 5.*

B. COMMUNICATIONS BETWEEN GSA AND TENANT AFTER THE NOVEMBER 2016 ELECTION

On November 8, 2016, Donald J. Trump was elected President of the United States. On January 20, 2017, Mr. Trump was sworn into office as the 45th President. Almost immediately following the election, GSA began fielding questions about Section 37.19 of the Lease, which provides as follows:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.

In response, GSA publicly maintained in various statements that "no determination regarding the Old Post Office can be completed until the full circumstances surrounding the President-elect's business arrangements have been finalized and he has assumed office." To that end, on December 16, 2016, Tenant submitted a letter to GSA advising that:

Donald J. Trump...intends to assign all of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC....We anticipate the Transfer to be consummated no earlier than January 1, 2017....The Trust is a...Trust for the primary benefit of Mr. Trump. An executed copy of the document consummating the Transfer will be provided to you after the Transfer has been consummated.

Exhibit 6. Thus, although Tenant provided an indication of its future intentions, Tenant's future business structure was not yet finalized.

Shortly thereafter, on December 29, 2016, Tenant submitted another letter advising GSA that

...the Ivanka Trump Revocable Trust...may transfer its interest in Ivanka OPO LCC to another trust (the "IT Transfer"). In the event it occurs, we anticipate the IT Transfer to be consummated before January 20, 2017....For your reference, attached hereto as Exhibit A is a true and correct Organizational Chart as of the date hereof, and attached hereto as Exhibit B is the Organizational Chart that will be true and correct following the consummation of both the IT Transfer (if it occurs) and the Transfer referenced in that certain notice letter sent by Tenant to Landlord on December 16, 2016.

Exhibit 7 (emphasis in original). Thus, much like the December 16 letter, the December 29 letter left Tenant's future business structure uncertain.

On January 10, 2017, GSA acknowledged receipt of the December 16 and December 29 letters and noted: "We look forward to receiving the final documents that explain the transfers and new organizational structure of Tenant. Please advise us to when we might expect to be in receipt of same...." Exhibit 8. The next day, on January 11, 2017, Tenant informed GSA by letter as follows:

In connection with my letter to you dated December 16, 2016, regarding the transfer by Donald J. Trump of his interest in Trump Old Post Office Member

Corp to DJT Holdings Managing Members LLC (the "Transfer"), as requested, attached hereto as Exhibit A is a copy of the current Organizational Chart, and attached hereto as Exhibit B is a copy of the Organizational Chart that will be current following consummation of such Transfer. As discussed, we anticipate the Transfer to be consummated on January 19, 2017, at which time we will send you a copy of the executed transfer document.

Exhibit 9 (emphasis in original).

On January 23, 2017, Tenant notified GSA by letter that, "The transfer by Donald J. Trump of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC was consummated on January 19, 2017." Exhibit 10. In response, GSA acknowledged receipt of the prior correspondence "regarding the various transfers of interest...and the new organizational structure" and requested a meeting "to discuss the provided information in more detail." Exhibit 11.

On January 31, 2017, representatives from GSA and Tenant met to discuss the various documents depicting Tenant's revised organizational structure. Later that same day, Tenant provided GSA with additional documents regarding Tenant's management and ownership structure. *See* Exhibit 12. On February 7, 2017, Tenant, through its attorneys, made additional documents available to GSA representatives for review. On February 9, 2017, GSA received additional documents from Tenant. *See* Exhibit 13.

After reviewing the additional documentation, GSA issued a letter to Tenant dated February 10, 2017, seeking confirmation of GSA's understanding of Tenant's business structure and requesting that Tenant provide a formal written submission addressing how its organizational structure complies with the Lease. *See* Exhibit 1.A. On February 15, 2017, GSA received additional documents from Tenant. *See* Exhibit 14. On February 17, 2017, Tenant provided its written submission and concluded by stating that "[t]o the extent that GSA has any remaining concerns, Tenant stands ready to continue our dialogue and address those concerns." *See* Exhibit 1.B. With a few minor exceptions, Tenant confirmed GSA's understanding of the business structure. *See id.*

On March 3, 2017, GSA issued a letter to Tenant requesting a meeting to discuss GSA's remaining concerns. *See* Exhibit 15. Representatives from GSA and Tenant met in person on March 7, 2017, and again on March 15, 2017. On March 20, 2017, Tenant provided a follow-up submission containing further analysis and information. *See* Exhibit 1.C.

C. TENANT'S CURRENT ORGANIZATIONAL STRUCTURE

Tenant confirmed that the following individuals and/or entities have an ownership interest in Tenant:

- DJT Holdings LLC
- DJT Holdings Managing Member LLC

- Don OPO LLC
- Donald J. Trump Revocable Trust
- Donald J. Trump, Jr. Revocable Trust
- Eric OPO LLC
- Eric Trump Revocable Trust
- Ivanka OPO LLC
- Ivanka Trump Revocable Trust
- Trump Old Post Office LLC
- Trump Old Post Office Member Corp.

See Exhibit 1.B. Tenant further confirmed GSA's understanding of the various members in each of the entities is as more fully set forth below. See *id.*

The members of Trump Old Post Office LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
DJT Holdings LLC	Member
Ivanka OPO LLC	Member
Don OPO LLC	Member
Eric OPO LLC	Member
Trump Old Post Office Member Corp	Managing Member

Non-Individual Direct and Indirect Members of Tenant:

The members of DJT Holdings LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
DJT Holdings Managing Member LLC	Managing Member
Donald J. Trump Revocable Trust	Member

The members of DJT Holdings Managing Member LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
Donald J. Trump Revocable Trust	Sole Member

The members of Ivanka OPO LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
Ivanka Trump Revocable Trust	Sole Member

The members of Don OPO LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
Donald J. Trump, Jr. Trump Revocable Trust	Sole Member

The members of Eric OPO LLC, a Delaware limited liability company, are as follows:

<u>Name</u>	<u>Status</u>
Eric F. Trump Revocable Trust	Sole Member

The members of Trump Old Post Office Member Corp., a Delaware corporation, are as follows:

<u>Name</u>	<u>Status</u>
DJT Holdings Managing Member LLC	Member
Ivanka OPO LLC	Member
Don OPO LLC	Member
Eric OPO LLC	Member

In accordance with the operating agreements of the limited liability companies listed above, profits, losses, and other cash distributions are allocated among the members in accordance with their respective percentage interests in the entity. *See Exhibits 1.A-C & 13.* In addition, the limited liability companies listed above maintain capital accounts for each of the members. *See id.* As noted in Section II below, Tenant has revised its internal operating agreement to prevent certain distributions to DJT Holdings LLC and the accumulation of funds in the capital account for DJT Holdings LLC. *See Exhibit 1.C.*

The Officers, Directors, and Managers

President Trump is not an officer, director, manager, employee, or other official in any of the entities listed above. *See Exhibits 1.A & 12.* Moreover, President Trump resigned from each and every office and position held in any of the entities listed above. *See id.*

The Donald J. Trump Revocable Trust

The property of the Donald J. Trump Revocable Trust ("Trust") includes a membership interest in DJT Holdings LLC and DJT Holdings Managing Member LLC. In turn, DJT Holdings Managing Member LLC holds an interest in Trump Old Post Office Member Corp., which holds an interest in Tenant. Further, DJT Holdings LLC holds a membership interest in Tenant.² As noted above, profits, losses, and other cash distributions are allocated among the members of the various limited liability companies in accordance with their respective percentage interests in the entity.

Donald J. Trump, Jr. is the Trustee of the Trust, Allen Weisselberg is the Business Trustee of the Trust, and Eric F. Trump is the Chairman of the Advisory Board of the Trust. *See Exhibits 1.A-*

² These various holding companies hold interests in hundreds of companies and not solely Trump Old Post Office LLC. *See Exhibit 1.B.*

C & 14. One of the responsibilities of the trustees of the Trust is to hold and administer the trust property. *See id.* In this regard, the Trust includes specific instructions to the Trustees regarding payment of income and principal to President Trump. *See id.* As set forth in the Certification of Trustee, "[t]he Trustees shall distribute net income or principal to Donald J. Trump at his request, as the Trustees deem necessary for his maintenance, support or uninsured medical expenses, or as the Trustees otherwise deem appropriate." *See* Exhibit 14. Despite this seemingly broad language, as noted in Section II below, Tenant has revised its internal operating agreement to prevent "distributions to DJT Holdings LLC [] or to any other entity in which President Trump has a direct, indirect or beneficial interest." *See* Exhibit 1.C.

II. FURTHER INSTITUTIONAL MEASURES INSTITUTED BY TENANT

As discussed in its letter dated March 20, 2017, Tenant has executed an amendment to its internal operating agreement to primarily address three important issues. *See* Exhibit 1.C. First, during the duration of President Trump's term in office, "Tenant will not make any distributions to DJT Holdings LLC [] or to any other entity in which President Trump has a direct, indirect or beneficial interest." *Id.* As noted above in Section I.C, DJT Holdings LLC has a membership interest in Tenant and, further, the Donald J. Trump Revocable Trust has a membership interest in DJT Holdings LLC. The changes in the operating agreement effectively prohibit distributions from Trump Old Post Office LLC to DJT Holdings LLC which, in turn, prevents any further distribution from DJT Holdings LLC to the Donald J. Trump Revocable Trust. In other words, * during his term in office, the President will not receive any distributions from the Trust that would have been generated from the hotel.

Second, as further explained by Tenant, amounts that would have been distributed to DJT Holdings LLC will instead be credited to the unrecovered capital contribution account of DJT Holdings LLC and "treated as capital contributions to Tenant." *Id.* In plain terms, what this means is that the funds will remain in Trump Old Post Office LLC instead of being distributed to DJT Holdings LLC. In addition, "DJT Holdings LLC will not earn any return on such amounts." *Id.*

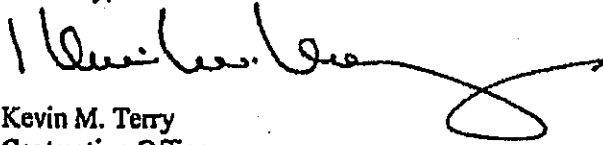
Third, regarding the capital contributions, "Tenant may only use the funds for business activities and purposes...." *Id.* Again, in simple terms, what this accomplishes is that the funds generated by the hotel will not flow to the President through DJT Holdings LLC. Rather, the funds will be "used to support and enhance the business of Tenant [and] operation of the hotel." *Id.*

Mr. Donald J. Trump, Jr.
March 23, 2017
Page 8 of 8

III. CONCLUSION

Based on my review of the Lease, discussions with Tenant, and documents submitted by Tenant, I have determined that Tenant is in full compliance with Section 37.19 and, accordingly, the Lease is valid and in full force and effect.

Sincerely,



Kevin M. Terry
Contracting Officer

cc: Eric F. Trump (via email)
Alan Garten, Esq. (via email)
Sheri Dillon, Esq. (via email)

Exhibit 5

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
ALCOHOLIC BEVERAGE REGULATION ADMINISTRATION**



BUSINESS INFORMATION

1. Business Address: 1100 Pennsylvania Avenue, NW, Washington, DC 20004					
2. Trade Name Trump International Hotel Washington, D.C.		3. Floor(s) for area of storage hotel with 11 floors plus observation deck		4. Floor(s) of licensed business hotel with 11 floors plus observation deck	
5. Will you be the true and actual owner of the business? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If no, please explain in an affidavit.					
6. Will any other business be conducted on the premises? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please explain fully. However, one restaurant within the hotel building is leased to third parties who will seek a separate ABC license.					
7. Do you have or have you previously held a license for the sale of alcoholic beverages? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please explain.					
8. Will any portion of the premises be used for a dwelling or a lodging house? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, is there interior access to the living quarters from the licensed area? <input type="checkbox"/> Yes <input type="checkbox"/> No					
9. Does any manufacturer, brewery, distiller, wholesaler or solicitor of alcoholic beverages, or any employee thereof, or any other individual or corporations have any financial interest directly or indirectly in this business or any other business holding an ABC License? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, please explain fully.					
10. List the hours below:					
Days	a. Hours of Operation		b. Hours of Alcoholic Beverage Sales/Service/Consumption		c. Hours of Live Entertainment occurring or continuing after 6:00 PM
Sunday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Monday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Tuesday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Wednesday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Thursday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Friday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>3am</u>	From <u>8am</u> To <u>3am</u>
Saturday	From <u>midnight</u>	To <u>midnight (24hrs)</u>	From <u>8am</u>	To <u>3am</u>	From <u>8am</u> To <u>3am</u>
List the hours for <u>Summer Garden/Sidewalk Café</u> below: <u>552 seats</u>					
Days	d. Hours of Operation		e. Hours of Alcoholic Beverage Sales/Service/Consumption		f. Hours of Live Entertainment occurring or continuing after 6:00 PM
Sunday	From <u>8am</u>	To <u>2am</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Monday	From <u>8am</u>	To <u>2am</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Tuesday	From <u>8am</u>	To <u>2am</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Wednesday	From <u>8am</u>	To <u>2am</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Thursday	From <u>8am</u>	To <u>2am</u>	From <u>8am</u>	To <u>2am</u>	From <u>8am</u> To <u>2am</u>
Friday	From <u>8am</u>	To <u>3am</u>	From <u>8am</u>	To <u>3am</u>	From <u>8am</u> To <u>3am</u>
Saturday	From <u>8am</u>	To <u>3am</u>	From <u>8am</u>	To <u>3am</u>	From <u>8am</u> To <u>3am</u>

11. If you checked the box for tasting in question 5 in the ABRA Application, initial below that you understand that your tasting hours may not exceed your approved alcoholic beverage hours.			
12. Provide below the name, address and distance (in feet) of the following:			
	Name	Address	Distance
School	Stevens Institute of Technology	1300 Pennsylvania Ave., NW	1,584 ft.
Public Library	Smithsonian Libraries	1000 Constitution Ave., NW	1,056 ft.
Day Care Center	Bright Horizons Family Solutions	1111 Pennsylvania Ave., NW	167 ft.
Recreation Center	RH Terrell Rec. Center	155 L Street, NW	7,392 ft.
13. How were the above distances measured? google maps			
Answer the following if you are an off-premise consumption establishment			
14. Is there another ABC licensed establishment of the same class within 400 feet of your establishment? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, state name, address and distance. n/a			
15. Answer the following if you are applying for a Hotel, Tavern, Restaurant, Night Club, Club, Multi-purpose Facility, Boat or train license.			
Describe the nature of operation, including the type of food served, type of entertainment, including nude performance(s), and any goods & services to be provided. If dancing is provided please indicate the dimension of the dance floor(s) and the location(s).			
<p>The operation will be a full service luxury hotel, providing 24 hour concierge service, 24 hour in-room dining. Amenities include: Curated museum, library, spa, health club, meeting and events space, and several dining options in the hotel.</p> <p>Entertainment will be provided in the form of a DJ or live band occasionally and for private events. The summer garden space will accommodate up to 552 seats on a special event basis. On a seasonal basis, a portion of the summer garden will be operated as a semi-permanent bar comprised of a lesser seat count. No nude performances.</p>			
16. Answer the following if you are applying for a Restaurant, Hotel, or Tavern License. n/a			
If you checked "Cover Charge" in Section 4 of the ABRA application instructions AND have a Certificate of Occupancy over four hundred (400) persons, please provide the following:			
1) Copy of Public Hall Certificate of Occupancy from the Zoning Administrator; AND			
2) Copy of Entertainment Endorsement for a Public Hall from the Department of Consumer and Regulatory Affairs.			
17. Answer the following if you are a Hotel or Restaurant License.			
a. What are your projected gross annual receipts from food sales for the next twelve months (2-534(a)(1)). How did you arrive at this amount?			
Experience in the hotel industry.			
b. What are your projected gross annual receipts from alcoholic beverage sales for the next twelve months? 2-534(a)(1)) How did you arrive at this amount.			
Experience in the hotel industry.			
18. Answer the following if you are applying for a new application or transferring ownership with a substantial change or transferring to a new location.			
a. Give a detailed explanation as to what effect your establishment will have on real property values on the relevant locality, section, or portion of the District of Columbia.			
No negative impact. Renovations and upgrades to this building will only positively impact property values in the surrounding area.			
b. Give a detailed explanation as to what effect your establishment will have on peace, order, and quiet including noise and litter, on the relevant locality, section or portion of the District of Columbia.			
No negative impact. This is a heavily trafficked commercial area remote from residences. This operation will follow all applicable laws regarding noise and litter. Thus, this operation will not negatively impact peace, order, and quiet.			

c. Give a detailed explanation as to what effect your establishment will have upon residential parking needs and vehicular traffic and pedestrian safety.

No negative impact. This area is metro accessible with many commercial establishments and cultural landmarks. Safety is controlled by traffic lights and crosswalks. As this location is remote from residences, there will be no negative impact on residential parking needs.

If applicant is a Sole Proprietor, the individual must sign, if Partnership, each partner must sign, if Corporation, President or Vice President must sign, if LLC, managing member must sign the below certification.

19. Certification: I hereby certify under the penalty of perjury that the information in this application is true and correct. I also certify that the above licensee is the true and actual owner of the business.

Trump Old Post Office LLC

By: Trump 2-534(a)(2) member Corp, Managing Member

By:

Signature Donald J. Trump, President

Subscribed and sworn to before me on this 30th day of Sept, 2015

Notary Public

STATE OF NEW YORK
NOTARY PUBLIC, State of New York
JULIE M. BROWN, Notary
My Commission Expires September 15, 2017

Printed name:

Signature

Subscribed and sworn to before me on this day of 20 Notary Public

My commission expires on

Printed name:

Signature

Subscribed and sworn to before me on this day of 20 Notary Public

My commission expires on

SPECIAL NOTICE

The District of Columbia will provide the appropriate services and auxiliary aids, including sign language interpreters, whenever necessary to ensure effective communication with members of the public who are deaf, hearing impaired or who have other disabilities affecting communications. Requests for services and auxiliary aids should be made at least ten (10) days prior to any scheduled hearing. Please notify the ADA Coordinator at (202) 442-4423.

STEFANIE A. LEWIS
NOTARY PUBLIC, State of New York
1000 1st Ave. 3rd Floor
New York, NY 10022
My commission expires on 12/31/2011

The District of Columbia will provide the appropriate services and auxiliary aids, including sign language interpreters, whenever necessary to ensure effective communication with members of the public who are deaf, hearing impaired or who have other disabilities affecting communications. Requests for services and auxiliary aids should be made at least ten (10) days prior to any scheduled hearing. Please notify the ADA Coordinator at (202) 442-4423.

Exhibit 6

LAW OFFICES
MALLIOS & O'BRIEN
2600 VIRGINIA AVENUE, N.W.
SUITE 406
WASHINGTON, D.C. 20037

(202) 625-7700

ALCOHOLIC BEVERAGE
REGULATION ADMIN

2017 JAN 27 P 3:54

DIMITRI P. MALLIOS (1932-2009)
STEPHEN J. O'BRIEN*
STUART J. LONG
MICHAEL D. FONSECA
MATTHEW T. MINORA

ABRA

FACSIMILE
(202) 625-7706

*Also Admitted in Virginia

January 27, 2017

District of Columbia Alcoholic Beverage Control Board
2000 14th Street, NW
400 South
Washington, DC 20009

Attention: Sean Gordy

Re: License No. ABRA-100648,
Trump Old Post Office LLC,
t/a Trump International Hotel
Washington, D.C., holder of
a Retailer's Class CH license
at premises 1100 Pennsylvania
Avenue, NW

Dear Members of the Board:

At the time of filing of the initial license application in this matter, Donald J. Trump, personally, was the beneficial owner of approximately [REDACTED] of the membership interests in the licensee. Such interest was derived from Donald J. Trump's membership interests and stock holdings in intermediate entities, DJT Holdings LLC and Trump Old Post Office Member Corp., respectively.

On February 22, 2016, Donald J. Trump conveyed his membership interest in DJT Holdings LLC to the Donald J. Trump Revocable Trust (see first attachment). On January 19, 2017, Donald J. Trump conveyed his personal stock holdings in Trump Old Post Office Member Corp. to DJT Holdings Managing Member LLC, the Managing Member of DJT Holdings, LLC (second attachment). The cumulative effect of these two transactions is that all beneficial ownership in the licensee previously held by Donald J. Trump, personally, now is held derivatively and beneficially by The Donald J. Trump Revocable Trust.

The present Trustees of the Donald J. Trump Revocable Trust are Donald J. Trump, Jr. and Allen H. Weisselberg (see third attachment – January 26, 2017 Certification of Trustee, Section 3). Donald J. Trump, Jr. heretofore has been approved by the Board as an officer of the licensee. A request for approval of Allen H. Weisselberg as an officer of the licensee is pending before the Board.

Thank you for your attention to this informational submission.

Very truly yours,

(2-526 (b) (2))

Stephen J. O'Brien

DJT HOLDINGS LLC

**ASSIGNMENT OF MEMBERSHIP INTEREST
AND ACCEPTANCE AS SUBSTITUTE MEMBER**

Agreement made as of the 22nd day of February, 2016.

Donald J. Trump hereby transfers, assigns, conveys and delivers to Donald J. Trump, Trustee of the Donald J. Trump Revocable Trust dated April 7, 2014 (hereinafter referred to as "Trustee"), his entire [REDACTED] membership interest in DJT Holdings LLC, a Delaware Limited Liability Company (hereinafter referred to as the "Company").

The Trustee does hereby accept said interest, agrees to be bound by all of the terms and conditions of the Operating Agreement of the Company dated as of December 2, 2010, and agrees to accept the status of a Member in the Company in respect of the membership interest hereby transferred to him.

DJT Holdings Managing Member LLC, as Manager of the Company, does hereby (i) consent to the transfer herein contained and further does hereby consent to the Trustee becoming a Member with respect to the membership interest in the Company hereby transferred to the Trustee and (ii) update Schedule A to the Operating Agreement as set forth in the attached "Schedule A" to reflect the current Members and Percentage Interests.

WITNESS our hands and seals as of the day and year first written above.

Transferor:

[REDACTED]
Donald J. Trump

Transferee:

DONALD J. TRUMP REVOCABLE TRUST
dated April 7, 2014
[REDACTED]

By: [REDACTED]
Donald J. Trump, Trustee

Manager:

DJT HOLDINGS MANAGING MEMBER LLC
[REDACTED]

By: [REDACTED]
Donald J. Trump, President

**ASSIGNMENT OF SHARES
AND ACCEPTANCE AS SUBSTITUTE SHAREHOLDER**

This Assignment of Shares and Acceptance as Substitute Shareholder (this "Assignment") is made as of the 19th day of January 2017.

Donald J. Trump ("Transferor") hereby transfers, assigns, conveys and delivers to DJT Holdings Managing Member LLC ("Transferee") all right, title and interest in and to his shares of Trump Old Post Office Member Corp (the "Company"), with the intention that Transferee shall become a shareholder of the Company in place of Transferor as to said shares.

Transferee does hereby accept said shares, agrees to be bound by all of the terms and conditions of the governing documents of the Company, and agrees to accept the status of a shareholder of the Company in respect of the shares hereby transferred.

The transfer of shares made hereby shall be governed by the laws of the State of Delaware. This Assignment may be executed in one or more counterparts, each of which so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

[SIGNATURE PAGES FOLLOW]

Trump Old Post Office Member Corp

WITNESS our hands and seals as of the day and year first written above.

TRANSFEROR

Donald J. Trump

Trump Old Post Office Member Corp

WITNESS our hands and seals as of the day and year first written above.

TRANSFEREE:

~~DJT HOLDINGS~~ ~~MANAGING MEMBER LLC~~

By: 

Name: Donald J. Trump, Jr.

Title: Authorized Signatory


Trump Old Post Office Member Corp

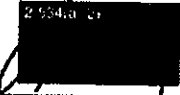
CERTIFICATION OF TRUSTEE

1. The Donald J. Trump Revocable Trust dated April 7, 2014, as most recently amended by a Second Amendment dated January 17, 2017 (the "Trust"), is in full force and effect and has not been altered, further amended, revoked or terminated.
2. Donald J. Trump, of New York, New York, is the Donor of the Trust.
3. Donald J. Trump, Jr. and Allen Weisselberg are the current Trustees (collectively, the "Trustees") of the Trust and were appointed Trustees on January 19, 2017.
4. There are no other current Trustees other than those listed in the preceding Section 3.
5. The purpose of the Trust is to hold assets for the exclusive benefit of Donald J. Trump.
6. The Trustee has all the powers contained under New York law, including the power to own assets and the power to open bank, brokerage and securities accounts and to invest funds therein. Notwithstanding the foregoing, the Trustees are subject to certain requirements and restrictions with respect to certain transactions made on behalf of the Trust and the Trustees hereby certify and warrant that they will adhere to all such restrictions and requirements.
7. The Donor has the power to revoke the Trust.
8. The Trust uses Donald J. Trump's social security number as the taxpayer identification number.
9. Title to trust assets should be held as follows: Donald J. Trump, Jr. and Allen Weisselberg, as Trustees of The Donald J. Trump Revocable Trust dated April 7, 2014.
10. There are no facts which constitute conditions precedent to acts by the Trustee or which are in any other manner germane to affairs of the Trust.

[signature page follows]

Signed and sealed under pains and penalties of perjury on January 26, 2017.


Donald J. Trump, Jr., Trustee of
The Donald J. Trump Revocable Trust


Allen Weisselberg, Trustee of
The Donald J. Trump Revocable Trust

STATE OF NEW YORK
COUNTY OF NEW YORK

On this 26 day of January, 2017, before me, the undersigned notary public, personally appeared Donald J. Trump, Jr., Trustee of The Donald J. Trump Revocable Trust dated April 7, 2014, personally known to me to be the person whose name is signed on this document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee as aforesaid.

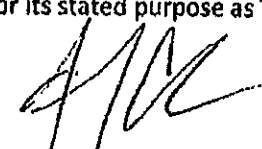


Notary Public

DAVID LEWIS COHEN
Notary Public – State of New York
No. 02CO6226388
Qualified in Rockland County
My Commission Expires 8/2/2014

STATE OF NEW YORK
COUNTY OF NEW YORK

On this 26 day of January, 2017, before me, the undersigned notary public, personally appeared Allen Weisselberg, Trustee of The Donald J. Trump Revocable Trust dated April 7, 2014, personally known to me to be the person whose name is signed on this document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee as aforesaid.



Notary Public

DAVID LEWIS COHEN
Notary Public – State of New York
No. 02CO6226388
Qualified in Rockland County
My Commission Expires 8/2/2014


Exhibit 7

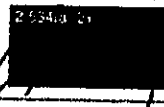
CERTIFICATION OF TRUSTEE

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2. Donald J. Trump, of New York, New York, is the Donor of the Trust.
3. Donald J. Trump, Jr. and Allen Weisselberg are the current Trustees (collectively, the "Trustees") of the Trust and were appointed Trustees on January 19, 2017.
4. There are no other current Trustees other than those listed in the preceding Section 3.
5. The purpose of the Trust is to hold assets for the exclusive benefit of Donald J. Trump.
6. The Trustee has all the powers contained under New York law, including the power to own assets and the power to open bank, brokerage and securities accounts and to invest funds therein. Notwithstanding the foregoing, the Trustees are subject to certain requirements and restrictions with respect to certain transactions made on behalf of the Trust and the Trustees hereby certify and warrant that they will adhere to all such restrictions and requirements.
7. The Donor has the power to revoke the Trust.
8. The Trust uses Donald J. Trump's social security number as the taxpayer identification number.
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10. There are no facts which constitute conditions precedent to acts by the Trustee or which are in any other manner germane to affairs of the Trust.

[signature page follows]

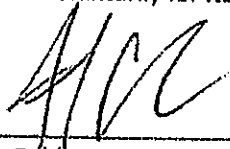
Signed and sealed under pains and penalties of perjury on January 26, 2017.


Donald J. Trump, Jr., Trustee of
The Donald J. Trump Revocable Trust


Allen Weisselberg, Trustee of
The Donald J. Trump Revocable Trust

STATE OF NEW YORK
COUNTY OF NEW YORK

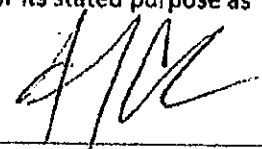
On this 26 day of January, 2017, before me, the undersigned notary public, personally appeared Donald J. Trump, Jr., Trustee of The Donald J. Trump Revocable Trust dated April 7, 2014, personally known to me to be the person whose name is signed on this document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee as aforesaid.


Notary Public

DAVID LEWIS COHEN
Notary Public - State of New York
No. 02CO6226388
Qualified in Rockland County
My Commission Expires 8/2/2014

STATE OF NEW YORK
COUNTY OF NEW YORK

On this 26 day of January, 2017, before me, the undersigned notary public, personally appeared Allen Weisselberg, Trustee of The Donald J. Trump Revocable Trust dated April 7, 2014, personally known to me to be the person whose name is signed on this document, and acknowledged to me that he signed it voluntarily for its stated purpose as Trustee as aforesaid.


Notary Public

DAVID LEWIS COHEN
Notary Public - State of New York
No. 02CO6226388
Qualified in Rockland County
My Commission Expires 8/2/2014

Exhibit 8

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Alcoholic Beverage Regulation Administration



December 3, 2015

Stephen O'Brien, Esq.
Mallios & O'Brien
2600 Virginia Ave., NW
Washington, DC 20037

Re: New Application (405.1) - License # ABRA-100648
Trump Old Post Office LLC t/a Trump International Hotel Washington, D.C.
100 Pennsylvania Ave NW, WDC 20004
Retail Class "C" Hotel

Dear Licensee:

The Alcoholic Beverage Control Board has reviewed and APPROVED the application for Trump Old Post Office LLC t/a Trump International Hotel Washington, D.C., under Section 405.1 of the District of Columbia Municipal Regulation. The issuance of the license is contingent of the submission of the following:

- Certificate of Occupancy (Summer Garden)
- Business License
- DC Tax Registration
- Trade name Registration
- Clean Hands Compliance

Please contact me to submit the additional documentation. Once I have ascertained that the documents are complete, I will arrange a final inspection. Please be advised that fees must be paid for this license annually.

Sincerely,

A handwritten signature in cursive script, appearing to read "Karen Jackson".

Karen Jackson
Licensing Specialist
Licensing Division
Karen.jackson@dc.gov

Exhibit 9

Address	Property	Liquor Licensee	Revoked/ Suspended	Licensing Authority
New Jersey				
Trump National Golf Club Colts Neck One Trump National Boulevard Colts Neck, NJ 07722	Colts Neck	Trump National Golf Club Colts Neck LLC	No	State of New Jersey
Trump National Golf Club Philadelphia 500 West Branch Avenue, Pine Hill, New Jersey 08021	TNGC Philly	TNGC Pine Hill LLC	No	State of New Jersey
Trump National Golf Club Bedminster 900 Lamington Road Bedminster, NJ 07921	Bedminster	Lamington Farm Club LLC	No	State of New Jersey
New York				
One Central Park West New York, NY 10023 US	TIHT NY	The Hotel Council of the Board of managers of Trump International Hotel and Tower	No	New York State Liquor Authority
246 Spring Street New York, NY 10013 US	Soho	Bayrock Sapir Organization LLC / Spring & Varick Association	No	New York State Liquor Authority
Trump National Golf Club, Hudson Valley 178 Stormville Road, Hopewell Junction NY 12533	TNGC Dutchess County	TNGC Dutchess County LLC	No	New York State Liquor Authority

Trump National Golf Club 100 Shadow Tree Lane, Briarcliff Manor, NY 10510	TNGC Westchester	Trump National Golf Club LLC	No	New York State Liquor Authority
Trump Tower, 725 5th Ave, New York, NY 10022	TT bar & grill	Trump Restaurants LLC ¹	Bar: No Grill: No	New York State Liquor Authority
Trump Golf Links, Ferry Point 500 Hutchinson River Parkway Bronx, NY 10465	Ferry Point	Trump Ferry Point LLC	No	New York State Liquor Authority
California				
Trump National Golf Club Los Angeles One Trump National Drive Rancho Palos Verdes, California 90275	TNGC – Rancho Palos Verdes	VH Property Corp.	No	State of California Department of Alcoholic Beverage Control
Florida				
The Mar-a-Lago Club 1100 South Ocean Boulevard Palm Beach, Florida 33480 phone: 561-832-2600	Mar-A-Lago	Mar-A-Lago Club Inc.	No	State of Florida Department of Business and Professional Regulation
Trump International Golf Club 3505 Summit Boulevard West Palm Beach, Florida 33406	TIGC – W Palm Beach	Trump International Golf Club, LC	No	State of Florida Department of Business and Professional Regulation
115 Eagle Tree Ter 115 Eagle Tree Ter, Jupiter, FL 33477	TNGC Jupiter	Jupiter Golf Club LLC	No	State of Florida Department of Business and Professional Regulation
			No	State of Florida Department of

¹ Licensee on Trump restaurant and grill licenses being confirmed.

4400 N.W. 87th Avenue Miami, FL 33178 US	Trump National Doral	Trump Endeavor 12 LLC		Business and Professional Regulation
4400 N.W. 87th Avenue Miami, FL 33178	Doral Golf	Trump Endeavor 12 LLC	See above	State of Florida Department of Business and Professional Regulation
Hawaii				
223 Saratoga Road Honolulu, HI 96815 US	TIH - Waikiki	Irongate Azrep BW LLC	No	Liquor Commission City and County of Honolulu
Virginia				
Trump National Golf Club 20391 Lowes Island Blvd, Sterling, VA 20165	TNGC Washington D.C. (Lowes Island)	Trump National Golf Club Washington DC LLC	No	Virginia Department of Alcoholic Beverage Control
Illinois				
401 N. Wabash Avenue Chicago IL 60611 US	TIHT Chicago	401 North Wabash Venture LLC	No	State of Illinois Liquor Control Commission
Nevada				
2000 Fashion Show Drive Las Vegas, NV 89109 US	TIH Las Vegas	d/b/a Trump International Hotel & Tower Las Vegas	No	Clark County

Exhibit 10

1 ZELDES & HAEGGQUIST, LLP
2 AMBER L. ECK (177882)
3 HELEN I. ZELDES (220051)
4 ALREEN HAEGGQUIST (221858)
5 AARON M. OLSEN (259923)
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8 ROBBINS GELLER RUDMAN
9 & DOWD LLP
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tmerrick@rgrdlaw.com

Attorneys for Plaintiffs and the Proposed Class

14 UNITED STATES DISTRICT COURT

15 SOUTHERN DISTRICT OF CALIFORNIA

16 TARLA MAKAEFF, BRANDON
17 KELLER, ED OBERKROM, SONNY
18 LOW, J.R. EVERETT and JOHN
19 BROWN, on Behalf of Themselves and All
Others Similarly Situated,

20 Plaintiffs,

21 vs.

22 TRUMP UNIVERSITY, LLC (aka The
23 Trump Entrepreneur Initiative, LLC, a New
24 York Limited Liability Company,
DONALD J. TRUMP, and DOES 2
through 50, inclusive,

25 Defendants.

Case No.: 3:10-CV-00940-CAB(WVG)

CLASS ACTION

THIRD AMENDED CLASS ACTION
COMPLAINT

District Judge: Hon. Cathy Ann Bencivengo
Magistrate Judge: Hon. William V. Gallo

JURY TRIAL DEMANDED

1 called University promise "mentorships," urging consumers that it's the "next best thing" to
2 being Donald Trump's next "Apprentice." But as class members quickly find out, all
3 Defendants provide are empty promises. The primary lesson Trump University teaches its
4 students is how to spend more money by buying more Trump Seminars.

5 4. Plaintiffs and Class Members who attended Trump University's real estate
6 investing classes, were promised a "complete real estate education," a "one year
7 apprenticeship," a one-on-one mentorship, practical and fail-safe real estate techniques, a
8 "power team" consisting of real estate agents, lenders, personal finance managers, property
9 managers and contractors, and were assured that although the Seminars were costly, they
10 would make the money back in their first real estate deal, and could make up to tens of
11 thousands of dollars per month or more. Plaintiffs and Class Members did not receive what
12 they bargained for.

13 5. Instead of a complete real estate education, students merely received an
14 "infomercial" pushing additional Seminars or workshops they were told they would need to
15 take to succeed. The "one year apprenticeship" they were promised was actually just a three-
16 day seminar; the one-on-one year-long mentorship consisted of no practical insights and no
17 mentorship, but rather excursions to Home Depot and "mentors" who either recommend real
18 estate deals that they stood to benefit from financially, raising a conflict of interest, or who
19 quickly disappeared and failed to return calls.

20 6. Trump University representatives also told students during the three-day
21 seminar to raise their credit card limits four times during the break for "real estate
22 transactions," and had students prepare detailed financial statements, presumably for real
23 estate purchases. In fact, Trump's real reason for having students increase their credit limits
24 and provide detailed financial statements was to assess how much money each student had to
25 spend on the next Trump seminar, and to persuade the students to use their increased credit
26 limit to purchase the Trump Gold Program for \$34,995.

27 7. In attempting to publicly defend its reputation, Trump University has the
28 audacity to compare itself to Harvard University – claiming that it does not guarantee real

1 estate success, just as Harvard cannot guarantee a Rhodes scholarship. Comparing Trump
2 University to Harvard University is a bit like comparing a snake oil salesman to a brain
3 surgeon. First, Harvard is clearly an accredited institution while Trump is not; Harvard
4 professors are educated in their field, while Trump instructors and mentors are trained in sales,
5 not real estate; and when Harvard students pay for a four-year education, they receive four
6 years of teaching, whereas Trump students who pay for a one-year real estate education
7 receive three days of a hard-sell sales presentation.

8 8. Plaintiffs are not bringing this action because they did not succeed in real estate
9 – they are bringing this action because Defendants misrepresented what Trump University was
10 providing. Trump University was represented as providing a year-long real estate education
11 and mentorship, when in actuality, it was providing only a three-day long infomercial,
12 designed to confuse, rather than educate, its students, and to persuade them to purchase even
13 more Seminars. The Program fails to give students complete information or specific
14 techniques, so that they do not feel confident to get involved in real estate investing on their
15 own, and instead decide to purchase another seminar. In sum, the program is not designed to
16 educate, but to sell.

17 9. **Attorney General Investigations** – Attorneys General in six states have
18 received numerous complaints against Trump University, and at least two have either launched
19 investigations or are in the process of reviewing complaints, according to the New York Daily
20 News.² In January, 2010, Texas Attorney General Greg Abbott's office launched a probe of
21 Trump University's advertising and business practices after getting two dozen complaints.
22 The Texas Attorney General indicated he was probing "possibly deceptive trade practices"
23 dating back to 2008.

24 10. The New York State Attorney General's Office is also investigating whether
25 Trump University "has engaged in illegal business practices," according to the New York
26

27 ² See Douglas Feiden, *Trump U Hit by Complaints from Those Who Paid up to 30G, and*
28 *Say They Got Very Little in Return*, New York Daily News, May 31, 2010.

1 Times.³ The investigation was described by the New York Times as “the latest problem” in “a
 2 string of consumer complaints, reprimands from state regulators and a lawsuit from
 3 dissatisfied former students,” and was prompted by about a dozen complaints concerning
 4 Trump University that the Attorney General, Eric T. Schneiderman, found to be “credible” and
 5 “serious.”⁴

6 11. Florida Attorney General Bill McClollum’s office is “reviewing” 20 complaints
 7 from people who paid up to \$35,000 for various Trump Seminars, according to the New York
 8 Daily News, and the New York and Illinois Attorneys General have received dozens of
 9 complaints. The Better Business Bureau has received at least 70 complaints of deceptive
 10 practices from students nationwide. *See* n.2.

11 12. **Standardized scripts** – Representations made to consumers about the Trump
 12 Seminars were standardized. When consumers made calls to or received calls from Trump
 13 University, they spoke with a member of the Trump sales team. Each member of the sales
 14 team was given a five to six page sales script, and was required to stick to the script word-for-
 15 word. Likewise, the in-person Seminars *were highly standardized*. Speakers used the same
 16 slide presentation, the same script, and even had detailed instructions for the presentation,
 17 down to where the speakers and coordinators should stand, the temperature of the room and
 18 the music to be played during the Introduction – “Money, Money, Money” from the
 19 Apprentice show.

20 13. **Targeting seniors** – Trump University targeted seniors, and specifically
 21 designed its sales pitch to scare seniors into attending and paying for additional Seminars. For
 22 example, in the introductory seminar, the speaker would typically say, “how many times do
 23 you go into Walmart, and you’re greeted by a guy or gal who is 70+ years old – do you want
 24 to be doing that when you’re 70 years old, or do you want to be playing golf and enjoying your
 25

26 ³ See Michael Barbaro, *New York Attorney General Is Investigating Trump’s For-Profit*
 27 *School*, New York Times, May 19, 2011.

28 ⁴ *Id.*

1 retirement?" In its advertising and at its Seminars, Trump University would throw around
 2 statistics (which may or may not be true) such as:

- 3 • Did you know that you will need \$250,000 in savings to generate \$1,000
 4 monthly income during retirement?
- 5 • That means if you're expecting to maintain your lifestyle during retirement
 6 based on an annual income of \$70,000, you need to have \$1.75 million in liquid
 7 assets.
- 8 • The average savings of a 50-year old American is only \$2,500. That isn't
 9 wealth, that's poverty.
- 10 • If you're a retiree, unless you have \$1 million in cash, if you spend \$50,000 per
 11 year, you'll be broke by the time you're 85.

12 14. **Student dissatisfaction** – While Trump University's website has publicly
 13 claimed that 95% to 98% of students are satisfied with its course, this figure is far from the
 14 truth. While it may be true that Trump University received some positive ratings in surveys
 15 given to the students while the Seminars were in session or immediately afterward, at this
 16 point, many of the students actually still believe that they will eventually get the information
 17 and mentoring they need, since they have been promised a one-year apprenticeship or one-year
 18 mentorship. Also, these surveys are not anonymous, but have the students' names on them,
 19 and students are often reluctant to criticize the instructors and mentors who they have paid a
 20 lot of money to help them throughout the year. It is not until later, when students see that the
 21 help and information they need is never coming – that they realize they have been scammed.
 22 Some Trump University former employees responsible for taking consumer complaint calls
 23 estimate that as many as **50%** or more of students who take the Trump Seminars are
 24 dissatisfied, and one former employee indicated that nearly *everyone* he spoke to who
 25 purchased the \$35,000 elite seminar was dissatisfied with it.

26 15. **The up-sell** – Insiders at Trump University have confirmed that the entire
 27 Trump University program is focused on the "up-sell" – the whole purpose of the free seminar
 28 is to get people to sign up for the \$1,500 seminar. The purpose of the \$1,500 seminar is to get
 people to sign up for the \$35,000 seminar, and the entire purpose of that seminar is to get
 people to sign up for additional Seminars, products and books. Instructors were taught to be

1 “armed with objections and rebuttals” and to “work the room with special attention to team
2 members in *possession of a credit card that needs to be run.*”

3 16. **Misrepresentation of instructors’ and mentors’ experience** – Contrary to
4 Defendants’ representations, many of the seminar instructors and mentors were not
5 experienced in real estate – in fact, many had little to no personal real estate experience, and
6 most had not engaged in the vast majority of the real estate techniques they were teaching. In
7 fact, these instructors and mentors were predominantly professional salespeople, hired for their
8 ability to deliver a hard-sell sales presentation, and paid exclusively on commission based on
9 the percent of sales they delivered. Trump’s best speakers earn commissions of \$30,000 or
10 more per month.

11 17. **Misrepresentations of “unlimited one-year mentorship”** – While consumers
12 who purchased the \$35,000 seminar were promised unlimited mentoring for an entire year, in
13 fact, Trump University told its mentors it would not pay them for more than *six one-hour*
14 mentoring sessions per consumer. When one Trump University student became frustrated by
15 the lack of any value or information the mentor was providing and asked to meet twice per
16 week, the mentor eventually admitted that the “one year” of mentoring/consulting promised
17 was really only *six one-hour* coaching sessions. Indeed, Trump University Corporate has
18 admitted to these consumers that the fact that only 6 sessions would be provided should have
19 been disclosed.

20 18. **Misrepresenting and fabricating testimonials** – Defendants enhance,
21 misrepresent and in certain instances, completely fabricate student testimonials. They also
22 continue to use testimonials which it knows are no longer true. In addition, Trump’s
23 testimonials often list gross profit rather than net profit which is highly misleading. Indeed,
24 when expenses are taken into account, many of these “success stories” have not really made
25 any money at all. Many of Trump University’s testimonials violated FTC regulations and
26 requirements.

1 19. **Donald Trump's Involvement** – Donald Trump is personally liable due to his
2 public representations concerning Trump University and his involvement and role in the
3 misconduct:

4 (a) Donald Trump is the founder and Chairman of Trump University –
5 according to Trump University seminar presenters, Donald Trump owns Trump University
6 “lock, stock and barrel,” and it is his “baby, his company”;

7 (b) Donald Trump authorized Trump University to use his name, photos
8 and quotes for all Trump University seminar presentations, website and advertising – the home
9 page of the website displays a large photo of Donald Trump along with the message from him:
10 *“Are YOU My Next Apprentice? Prove it to me!”*

11 (c) Print advertisements featuring Donald Trump and his image included
12 quotes from him including: *“Don’t think you can profit in this market? You can. And I’ll*
13 *show you how. Learn from my handpicked expert* how you can profit from the largest real
14 estate liquidation in history.”⁵

15 (d) An email from Trump University to thousands or tens of thousands
16 consumers featured Donald Trump’s photo with the words: *“Are you My Next Apprentice,”*
17 and stated: *“76% of the world’s millionaires made their fortunes in real estate. Now it’s*
18 *your turn. My father did it, I did it, and now I’m ready to teach you how to do it too.”* The
19 signature line at the bottom of the email reads, Donald J. Trump, Chairman, Trump University,
20 and even includes his signature.

21 (e) Trump University print advertisements were reviewed and authorized
22 by Donald Trump before they were released and contained quotes from Donald J. Trump,
23 himself, including: “I can turn anyone into a successful real estate investor, including you. –
24 Donald Trump.”⁶

25
26
27 ⁵ See Trump University Advertisement, New York Post, March 2, 2009.

28 ⁶ See Trump University Advertisement, New York Post, March 2, 2009.

(f) Donald Trump sent signed letters to consumers nationwide, with Donald Trump's *name and signature* at the bottom, which stated: "*[N]o course offers the same depth of insight, experience and support as the one bearing my name My hand-picked instructors and mentors will show you how to use real estate strategies to: [s]upplement or even replace your income, [s]ecure your long-term financial future . . . [s]tart profiting today! Now is the time to create your financial legacy. You can do it, even if you only have five or ten hours a week to spare. With our simple instructions and practice exercises – and ongoing support from your own Trump Team of Experts – you'll have what you need to succeed!*" (Emphasis in original). The letter closes with Donald J Trump's name, signature, and Trump University address, at 40 Wall Street, 32nd Floor, New York, NY 10005.

(g) While consumers were in the midst of the Trump University \$1,500 seminar and Trump University was trying to persuade them to sign up for the \$35,000 course, each of the participants received a personalized (addressed to them by name) letter from Donald J. Trump. The letter bore the Trump logo at the top of the letter and the words "From the Office of Donald J. Trump." The letters stated:

Success in real estate begins with great training and proven strategies. Without education you don't stand a chance.

I know how to make money in real estate. I've been doing it for a long time with a lot of success. *My family has been a leader in real estate* since my father – Fred Trump – started building residential homes in New York City 75 years ago. My father was my mentor and he taught me a lot. *Now I want to teach you how to make money in real estate.* To be my apprentice you need to Think BIG and really want to succeed. More than anything, you need to take action.

Do YOU have What It Takes to Be My Next Apprentice?

I only work with people who are committed to succeed. I founded Trump University back in 2005 to teach go-getters how to succeed in real estate. My team at Trump University is filled with real estate experts . . . proven winners. We're the best of the best and we know what works. If you think you have what it takes to be my next apprentice, prove it to me.

We've trained thousands of real estate investors over the years and we know you will be most successful when you work with a partner. . . .

If you're serious about making money and safeguarding your future, *learn to invest in real estate. Trump University will teach you how. We'll*

1 *give you the best training* and the confidence to succeed. If you think you've
2 got what it takes to be my next Apprentice, come prove it to me and my team.

3 The letter closes with "See you at the top!" And, it is signed, "Donald J. Trump, Chairman,
4 Trump University."

5 (h) Donald Trump wrote 387 blogs posted on Trump University's website,
6 and stated that he intended to be actively involved with Trump University. Donald Trump
7 wrote:

8 Trump University *grew out of my desire to impart my business knowledge,*
9 *accumulated over the years,* and my realization that there is a huge demand for
10 practical, convenient education that teaches success.

11 *I want the people* who go to Trump University *to succeed, and I plan to do my*
12 *part to help them. I'm not just putting my name on this venture; I plan to be*
13 *an active presence* in the curricula. The website, www.trumpuniversity.com,
14 will include such features as *"Ask Mr. Trump," in which I answer your*
15 *questions;* the *blog* you're reading now; *video clips of me;* and more. *My*
16 *words, ideas, and image will also be woven into the courses we create.* The
17 reason I'm playing such an active role in Trump University is that I truly
18 believe in the power of education [T]he people who go to Trump
19 University want to be successful, and *I'm on their side.*⁷

20 In another blog, Trump wrote, *"I have to believe in whatever I put my name on,* and it has to
21 reflect who I truly am. To do otherwise would be a disservice to me, my loyal customers, and
22 prospective customers."⁸

23 (i) Donald Trump personally financed Trump University;

24 (j) Donald Trump personally reviewed Trump University's financials every
25 month with Trump University President, Michael Sexton;

26 (k) Donald Trump personally reviewed all print, newspaper and direct mail
27 advertisements before they went out;

28 (l) Trump University presenters told consumers that Donald Trump hand-
29 picked the Trump University instructors and mentors;

30 ⁷ <http://www.trumpinitiative.com/blog/post/2005/06/why-i-started-trump-university-a-passion-for-learning.cfm> (last visited 10-18-10).

31 ⁸ <http://www.trumpinitiative.com/blog/post/2005/06/on-being-a-brand-whats-in-a-name.cfm> (last visited 10-18-10).

1 (m) According to insiders, Donald Trump backed Trump University 100%
2 and intended to appear at a fall 2010 event; and

3 (n) Donald Trump held periodic live online Q&A Sessions with Trump
4 University students, according to Michael Sexton's interview with *Business Week*. Also,
5 according to the Trump University website, twice a month Donald Trump would personally
6 choose and answer the best questions from Trump members:

7 *Ask Donald Trump: Have you ever wanted to ask Donald Trump a*
8 *question? Now's your chance! Mr. Trump loves hearing from Trump*
9 *University members, especially members with great questions! But as you can*
10 *probably guess, he's got a hectic schedule. That means Mr. Trump only has*
11 *time for the most interesting and direct questions. Twice a month, he will*
12 *choose the best questions and respond in true Donald Trump fashion. Look*
13 *for answers to your questions (if answered) and previous questions and answers*
14 *posted on the Trump Blog.*

15 (Last visited 5/4/10).



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SEARCH



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My Corporation
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My Foreclosures

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GO My Questions

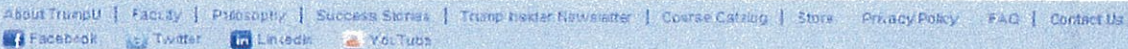
Ask Donald Trump



Have you ever wanted to ask Donald Trump a question? Now's your chance!

Mr. Trump loves hearing from Trump University members, especially members with great questions! But as you can probably guess, he's got a hectic schedule. That means Mr. Trump only has time for the most interesting and direct questions. Twice a month, he will choose the best questions and respond in true Donald Trump fashion. Look for answers to your question (if answered) and previous questions and answers posted on the [Trump Blog](#).

You must be a member to use this feature: [Login or Join Now](#)



20. Plaintiffs bring this class action on behalf of themselves and all other similarly-situated consumers who purchased Seminars, workshops, mentorships, retreats and/or programs (collectively "Seminars") from Trump University throughout the United States, asserting claims under California's Unfair Competition Law, Cal. Bus. & Prof. Code §17200, *et seq.* ("UCL" or "§17200"); the Consumer Legal Remedies Act, Cal. Civ. Code §1750, *et seq.* ("CLRA"); the False Advertising Law, Cal. Bus. & Prof. Code §17500, *et seq.* ("FAL" or "17500"); Financial Elder Abuse in violation of Cal. Welf. & Inst. Code §15600, *et seq.*; Breach of Contract; Breach of the Covenant of Good Faith and Fair Dealing; Money Had and Received; Unjust Enrichment; Negligent Misrepresentation; Fraud; False Promises; and §349 of New York General Business Law ("Deceptive Acts and Practices"); Florida Statute §501.201, *et seq.*; and Florida Stat. §817.41.

21. Plaintiffs seek damages and equitable relief on behalf of the Class, which relief includes, but is not limited to, the following: refunding Plaintiffs and class members the full amount paid for Trump University Seminars; an order enjoining Trump from falsely marketing and advertising its Seminars; costs and expenses, including attorneys' fees and expert fees; and

1 any additional relief that this Court determines to be necessary or appropriate to provide
2 complete relief to Plaintiffs and the Class.

3 JURISDICTION AND VENUE

4 22. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§1332 and
5 1367, because the Plaintiffs reside in various states, including California, Missouri, Florida,
6 and New York, and are therefore diverse from Defendants Trump University and Donald
7 Trump who reside in New York. The Court has supplemental jurisdiction over Plaintiffs' state
8 law claims pursuant to 28 U.S.C. §1367(a).

9 23. This Court also has original jurisdiction over this action under the Class Action
10 Fairness Act of 2005, 28 U.S.C. §1332(d)(2) ("CAFA"), as to the named Plaintiffs and every
11 member of the Class, because the proposed Class contains more than 100 members, the
12 aggregate amount in controversy exceeds \$5 million, and members of the Class reside across
13 the United States and are therefore diverse from Trump University and Donald Trump.

14 24. This Court has personal jurisdiction over Trump University and Donald Trump
15 because they have significant minimum contacts with this State, and/or they otherwise
16 intentionally availed themselves of the laws and markets of California through the promotion,
17 marketing, and advertising of Trump University Seminars in this State and on the Internet to
18 consumers in California.

19 25. Venue is proper in this District pursuant to 28 U.S.C. §1391(a)(2), because a
20 substantial part of the events or omissions giving rise to Plaintiffs' claims occurred in this
21 District. Venue is also proper under 28 U.S.C. §1391(a)(3), because Defendants are subject to
22 personal jurisdiction in this District as they transact a substantial amount of business in this
23 District. Indeed, until recently, Trump University has offered numerous Seminars in San
24 Diego, California. Plaintiffs have filed affidavits showing that this action has been
25 commenced in a proper county pursuant to Cal. Civ. Code §1780(c).

26 PARTIES

27 26. **Plaintiff Tarla Makaeff** – Plaintiff Tarla Makaeff resides in Corona Del Mar,
28 California. During the class period, in early August 2008, Plaintiff Makaeff was introduced to

1 Trump University through a friend who attended the free introductory seminar and invited her
2 to attend the three-day Trump University "Fast Track to Foreclosure Training" workshop for
3 approximately \$1,495. During the three-day workshop, the attendees, including Plaintiff
4 Makaeff, were told to raise their credit card limits so they could enter into "real estate
5 transactions." However, at the end of the session, Trump University told Plaintiff Makaeff and
6 the other seminar attendees to use that credit to purchase an additional Trump "Gold" seminar
7 for \$34,995. Based on Trump University's numerous misrepresentations, on or about August
8 10, 2008, Plaintiff Makaeff enrolled in Trump University's "Trump Gold Elite" Program
9 ("Trump Gold Program") for \$34,995, plus the variable APR finances charges, interest fees,
10 and late fees she has to pay her credit card company. Plaintiff Makaeff ultimately spent nearly
11 **\$60,000** on Trump University Seminars, and/or Seminars related to or endorsed by Trump
12 University, over the course of one year.

13 **27. Plaintiff Brandon Keller** – Plaintiff Brandon Keller is a San Diego resident
14 who resides in Del Mar, California. During the class period, in the fall of 2009, Plaintiff
15 Keller received an email advertisement about Trump University and, as a result thereof, on
16 November 18, 2009, he attended the free introductory real estate seminar at the Marriott in La
17 Jolla, California. At the free introductory seminar, Plaintiff Keller was lured by the Trump
18 University speaker into purchasing a \$1,500 three-day workshop, which he attended from
19 Friday December 6, 2009, through Sunday December 8, 2009, at the San Diego Hilton Bay
20 hotel. During the three-day workshop, Plaintiff Keller and the other consumer attendees were
21 told to raise their credit card limits so they could enter into "real estate transactions."
22 However, at the end of the session, Trump University told Plaintiff Keller and the other
23 seminar attendees to use that credit to purchase the \$35,000 Trump Elite seminar. Based on
24 Trump University's numerous misrepresentations, on or about December 8, 2009, Plaintiff
25 Keller enrolled in Trump University's Elite seminar for about \$35,000, plus the variable APR
26 finances charges, interest fees, and late fees he has to pay his credit card company. As set
27 forth more fully below, contrary to Trump University's promises, Plaintiff Keller was never
28 provided any assistance with real estate investing. Pursuant to Plaintiff Keller's requests, he

1 was refunded his \$35,000 for the Elite seminar; however, Trump University refuses to return
2 to Plaintiff Keller his \$1,500.

3 28. **Plaintiff Ed Oberkrom** – Plaintiff Ed Oberkrom is a 65-year old senior citizen
4 who resides in St. Louis, Missouri. During the class period, in February 2009, Plaintiff
5 Oberkrom was lured by Trump's advertising into attending a "free" introductory Trump
6 seminar, wherein Plaintiff Oberkrom purchased a three-day Trump University mentorship for
7 two for approximately \$1,495. During the three-day workshop, Plaintiff Oberkrom and the
8 other consumer attendees were told to raise their credit card limits so that they could enter into
9 "real estate transactions." However, at the end of the session, Trump University told Plaintiff
10 Oberkrom and the other seminar attendees to use that credit to purchase an additional Trump
11 Seminar. Based on Trump University's numerous misrepresentations, in March 2009, Plaintiff
12 Oberkrom enrolled in Trump University's Elite seminar for two for about \$25,000, plus the
13 variable APR finances charges, interest fees, and late fees he has to pay his credit card
14 company. Despite Plaintiff Oberkrom's requests, Trump University refuses to refund any of
15 Plaintiff Oberkrom's money.

16 29. **Sonny Low** – Plaintiff Sonny Low is a 71-year old senior citizen and San
17 Diego resident who resides in Chula Vista, California. He retired in 2005 as a U.S. Foreign
18 Service Officer who served our country for 34 years. Low took the free introductory Trump
19 University seminar at the Westin Gaslamp in San Diego, California on or about November 18,
20 2009. Based on representations made by defendants in the free seminar, Low paid for and
21 attended the \$1,500 seminar on or about December 6, 2009. Defendants told Low that in order
22 to succeed in real estate he needed to have a mentor. Defendants promised Low that by
23 purchasing the Trump Elite program for \$25,000, he would receive his own mentor who would
24 work "side-by-side" with him to create a "customized investment plan that is based on [his]
25 neighborhood or town, [his] financial goals, and [his] level of comfort." Low paid \$25,000 for
26 the Elite program on or about December 6, 2009. Low met with his Trump University mentor,
27 Geoff Nowlin, February 19-21, 2010 in San Diego. Low's "mentor," Nowlin, was not
28 knowledgeable or experienced in real estate investing, did not help Low create a "customized

1 investment plan” or work “side-by-side” with Low to successfully invest in real estate.
2 Despite Plaintiff Low’s requests, Trump University refuses to refund any of Plaintiff Low’s
3 money.

4 30. **J.R. Everett** – Plaintiff J.R. Everett is a 68-year old resident of Tampa Florida,
5 who worked in system development for 30 years for a large communications company. She
6 took the free introductory Trump University seminar in Tampa, Florida on or about October 7,
7 2009. Based on representations made by defendants in the free seminar, Everett paid for the
8 \$1,500 seminar on October 7, 2012, and attended the seminar in Tampa, Florida on or about
9 October 16-18, 2009. The primary speaker was Gerald Martin. Based on written and oral
10 representations made in the \$1,500 seminar, Everett paid \$35,000 for the Elite program on or
11 about October 16, 2009, and attended the seminar from December 4-6, 2009 in Orlando,
12 Florida.

13 31. **John Brown** – Plaintiff John Brown resides in New York, New York. Brown
14 took the free introductory Trump University seminar in New York, New York on or about
15 September 14, 2009, entitled “Profit From Real Estate Investing.” He learned about the
16 seminar from an advertisement he saw, either online or in the newspaper. He was attracted by
17 Donald Trump’s name. He thought that because of Donald Trump’s involvement with Trump
18 University, it would not be a scam, but a legitimate opportunity to learn about how to make
19 money investing in real estate. It was not. Based on representations made by defendants in
20 the free seminar, on September 14, 2009, Brown paid for and attended the \$1,500 three-day
21 seminar at the New York Marriott East Side on or about September 25-27, 2009. The material
22 covered in this seminar was very general, and much of it was no more than a “push” or “up-
23 sell” to get participants to sign up for the Trump Elite programs. Defendants told Brown that in
24 order to succeed in real estate he needed to have a mentor and promised him that by
25 purchasing the Trump Elite program, he would receive his own mentor who would work “side-
26 by-side” with him to create a “customized investment plan that is based on [his] neighborhood
27 or town, [his] financial goals, and [his] level of comfort.” Brown maxed out two credit cards
28 to pay for the \$25,000 Elite program on or about September 26, 2009, as Trump University

1 pressured him to. For his \$25,000, Brown did not receive a seminar, only mentoring. Brown
2 met his mentor in Philadelphia, looked at some houses in or about November 2009, and had
3 several phone conversations with the mentor, but they were not helpful. His mentor relayed
4 minimal information and merely asked Brown if he had questions.

5 **32. Defendant Trump University, LLC** – Defendant Trump University, LLC
6 (now The Trump Entrepreneur Initiative LLC) is a New York limited liability company
7 registered in New York. In response to demands by the New York Department of Education,
8 and after the initial Complaint in this action was filed, it changed its name to “The Trump
9 Entrepreneur Initiative” on or around June 2, 2010. Its executive offices and company
10 headquarters are located in New York, New York. Donald J. Trump is the chairman of Trump
11 University, as well as the chairman and president of The Trump Organization. Trump
12 University conducts substantial business throughout the State of California, including
13 marketing, advertising, and hosting Seminars in San Diego County and all over California.
14 Plaintiffs are further informed and believe that at all times relevant hereto, Trump University
15 acted for or on behalf of Donald Trump in undertaking the acts and/or omissions alleged
16 herein.

17 **33. Defendant Donald J. Trump** – At all times herein mentioned, defendant
18 Donald J. Trump was and is an individual residing in the State of New York, and at all times
19 herein mentioned, Plaintiffs are informed and believe Trump was doing business within the
20 State of California, as he posted blogs on Trump University website that were viewed by
21 California residents and reviewed and authorized advertisements that were directed to
22 California residents. At all times mentioned, Trump was a founder, chairman, officer, director,
23 manager, managing member, principal and/or controlling shareholder of Trump University,
24 and in connection with the matters set forth in this action, Defendant Trump had business
25 dealings within the State of California directly related to the subject of this Action. At all times
26 herein mentioned Defendant Trump was also an officer, director, President and/or CEO of The
27 Trump Organization.
28

1 34. Defendant Trump profited from the funds paid to Trump University from
2 Plaintiffs and other Class Members through his shell companies, including DJT University
3 Managing Member LLC (now DJT Entrepreneur Managing Member LLC), a NY Limited
4 Liability Company, and DJT University Member LLC (now DJT Entrepreneur Member LLC),
5 a NY Limited Liability Company.

6 35. At all times herein mentioned, Defendant Trump approved, authorized, either
7 specifically and/or tacitly directed, ratified and/or participated in the acts complained of herein
8 engaged in by Trump University.

9 36. Trump University and Donald Trump are referred to herein collectively as
10 "Defendants."

11 37. The true names and capacities of Defendants sued herein as Does 2 through 50,
12 inclusive, are presently unknown to Plaintiffs who therefore sue these defendants by fictitious
13 names. Plaintiffs will amend this Complaint to show their true names and capacities when
14 they have been ascertained. Each of the Doe Defendants is responsible in some manner for the
15 conduct alleged herein.

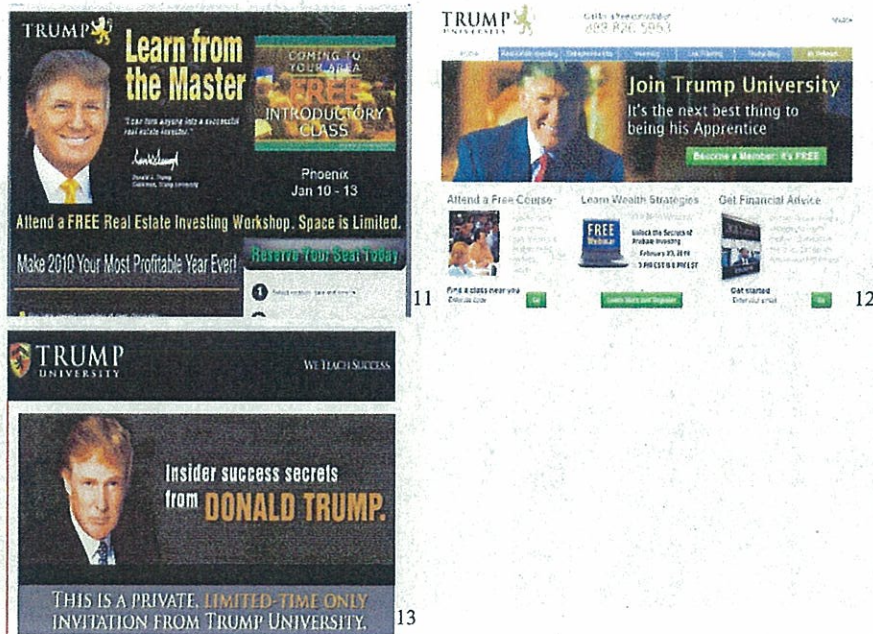
16 DEFENDANTS' UNLAWFUL CONDUCT

17 38. Trump University is an "education" company owned and founded by real estate
18 tycoon Donald J. Trump, as part of the Trump Organization. It offers courses in real estate,
19 asset management, entrepreneurship and wealth creation. It is not an accredited University.

20 39. Trump University lures consumers in with a free introductory Seminar, which
21 turns out to be nothing more than an infomercial used to "up-sell" and persuade students to
22 purchase its \$1,495 "one year apprenticeship" course. If students purchase the \$1,495 course,
23 Trump University continues using misleading, fraudulent and predatory practices to convince
24 students to purchase Trump University's \$35,000 "Gold" course. Even then, after investing
25 nearly \$36,500, students still do not receive the information or training they were promised.
26 The three "tiers" to the Trump University program are as follows:
27
28

First Tier: the Free Introductory Course

40. Trump University advertises extensively in local media and online, such as its website, online local newspapers, on Facebook, and radio for “Free” introductory courses, which take place in cities across the country. In marketing the Trump University program, Donald Trump claims: “I’m going to give you 2 hours of access to one of my amazing instructors AND priceless information . . . all for FREE.”⁹ An advertisement in the L.A. Times, for example, quoted Donald Trump as saying that “investors nationwide are making millions in foreclosures . . . and so can you!” It also *promised two hours of “priceless information . . . all for free.”*¹⁰ Other advertisements urged consumers to “Learn from the Master” – Donald Trump,” that “It’s the next best thing to being his Apprentice,” and told consumers that they would learn “insider success secrets from Donald Trump.”



⁹ David Lazarus, *Trump Spins in Foreclosure Game*, L.A. Times, Dec. 12, 2009 <http://www.latimes.com/business/la-fi-lazarus12dec12,0,7835610.column>.

¹⁰ David Lazarus, *Trump's a grump about column on his 'priceless' tips*, L.A. Times, Dec. 16, 2009, <http://www.latimes.com/business/la-fi-lazarus16dec16,0,1670633.column>. When L.A. times reporter David Lazarus attended the Pasadena Hilton Trump seminar, he “learned by attending the seminar, the event was a two-hour sales pitch for a three-day workshop that would cost people \$1,495.” *Id.*

¹¹ Screen shot from <http://www.trumpurealestate.com/market-Phoenix.html?cid=726078> (last visited 2/3/2010).

41. At the free seminar, prospective customers are greeted by a large screen projector and two tall banners with Donald Trump's photo on them. The speaker, who is following a Trump University script, begins addressing the audience with scare tactics. A large portion of the audience is typically comprised of senior citizens, and the speaker plays on their fears, asking: "How many of you lost a lot of your 401k investment in the market? How many of you are retired or want to retire? How many of you want to leave a legacy or property to your kids?"

42. The speaker induces the audience to trust in the Trump name and "family" by walking through the history of the Trump Organization and Donald Trump's "humble beginnings." He tells the audience that 76% of all millionaires are created from real estate – that "anyone can do it," and that "it's not easy, but it's simple if you know what you're doing, and we'll teach you what you need to know." He states that the mission of Trump University is to "train, educate and mentor entrepreneurs on achieving financial independence through real estate investing."



43. The speaker emphasizes that on the television show, "The Apprentice," Mr. Trump could only work one-on-one with one person a year, so he created this University – not to make money for himself, but so that he could teach others. With this apprenticeship

¹² Screen shot from <http://www.trumpuniversity.com/> (last visited 2/3/2010).

¹³ Screen shot from <http://www.trumptactics.com/> (last visited 2/3/2010).

¹⁴ These and the following slides are from the free online introductory Trump seminar.

1 program, the speaker claims, “Mr. Trump takes you through an entire apprenticeship for one
 2 year.” The speaker emphasizes that “*Trump University is owned, lock, stock and barrel by*
 3 *Mr. Trump – it’s his ‘baby,’ his company*, designed to help him accomplish his goal of
 4 leaving a legacy.” The presentation plays on consumers’ reliance on the Trump name,
 5 Trump’s Apprentice television show, the Trump reputation, Trump’s wealth and Trump real
 6 estate expertise:



17 44. The presentation claims that the real estate transactions taught are safe and
 18 conservative. The speaker encourages members of the audience, including the elderly, to cash
 19 out their 401K's so they can supposedly make a higher return. He tells them, “this is by the
 20 numbers, and the numbers don’t lie. This isn’t speculative. It’s a good idea.” Consumers are
 21 told these strategies will make them money – they are time tested strategies that have been in
 22 the Trump family for over 75 years. Consumers are told they will pay off their credit cards,
 23 pay off their cars, fully fund their retirement and send their kids to college.

45. The whole presentation is essentially an “infomercial,” designed to get members of the audience to sign up for the so-called one year Apprenticeship Program, which is purportedly going to be “A Comprehensive Real Estate Education.” However, what the “one year apprenticeship” program actually turns out to be is merely a three-day workshop plus a phone number to call a “client advisor” for \$1,495.

46. Trump University promises “12 months of training,” because “there’s no shortcut to success.” They also promise mentors who will be available for a *full year*. *“Other people don’t have anyone to call, but you’ve got Trump. You’ll call 40 Wall Street [Trump University], and they’ll walk you through it.”* They claim that after this seminar, “you’re going to be walking on Cloud 9 because you get it; you know so much.” The speaker says you can attend the first day and then decide if the course is right for you. Your “Satisfaction is 100% Guaranteed.” The speaker even says he will give consumers his personal email; he wants that connection with them, so they can become part of the Trump family.

47. Trump University even promises that consumers will receive instructors and mentors who were “*hand-picked by Trump*.” But, in fact, in most cases he didn’t even know who they were, and in many cases, he had never even *met* them.

Second Tier: the One-Year “Apprenticeship”
(actually a three-day infomercial)

48. **One-Year Apprenticeship** – Defendants describe the second tier as a one-year “apprenticeship” that allegedly provides a “comprehensive *real estate education*.” *In actuality, it is merely a three-day infomercial to sell more* Trump University products. Students are told at the free seminar that this one-year apprenticeship is “all you need.”

1 However, rather than teach students actual real estate techniques and how to fill out the
2 necessary contracts and forms (as promised in the free seminar), the entire “apprenticeship” is
3 a three-day long “infomercial” to “up-sell” students to buy the Trump Gold Program for
4 \$34,995 to get a “full education.”

5 49. **Inducing students to increase credit card limits** – During the seminar, the
6 speakers pressured students to raise their credit card limits by as much as “four times” their
7 current limits during class breaks so that they can be ready to immediately purchase property.
8 The speakers also ask each student to fill out a detailed financial statement, presumably for
9 real estate investment purposes, and assess their financial situation under the guise of helping
10 them – in fact, they assess how much money each student has to spend on the next Trump
11 University seminar. At the end of the workshop, Defendants’ real reason for urging attendees
12 to extend their credit limits becomes clear: the Trump University representatives ask the
13 students to use their increased credit to purchase the next level of buy-in, the Trump
14 University “Gold Elite” seminar, for \$34,995. Trump University representatives
15 predominantly pushed the “Trump Gold Elite” program for \$34,995, but if they were unable to
16 persuade students to purchase at this level (or if students did not have sufficient credit),
17 Defendants would encourage the students to purchase the “Trump Silver Elite” program for
18 \$19,495 or the “Trump Bronze Elite” seminar for \$9,995. Each of these prices were purported
19 to be “one-day-only” price savings off their “regular” prices of \$48,490, \$23,490 and \$10,995,
20 respectively. *See* Ex. A, Trump University Enrollment Form.

21 50. Trump University representatives do not tell students that they are likely to
22 incur finance charges, interest fees and late fees by charging this expensive seminar on their
23 credit cards. Trump University also does not tell students that by increasing their credit limits,
24 they could damage their credit scores. Trump University representatives also never inform
25 students that by “maxing out” their credit cards, their credit scores could drop even more
26 significantly. In fact, when Plaintiff Makaeff “maxed out” her credit card, her previously high
27 credit score immediately dropped.
28

1 51. Instead, Trump University representatives encourage students to max out their
2 credit cards to pay the for the \$35,000 seminar, telling them to “not worry,” because “you’ll
3 make it back in 30 or 60 or 90 days.” They knew that this was extremely unlikely, and that
4 few, if any students did so.

5 52. **Misrepresentations regarding calling student real estate “leads”** – Students
6 were also told at the free seminar that if they signed up for the \$1,500 seminar, they could
7 bring in five to ten real estate leads and Trump University representatives would call them
8 during the seminar. Students were told: Go get five for-sale-by-owner leads (FSBOs) in lower-
9 middle income areas, with a phone number and an address for each property, and five “for
10 rent” ads. *“Our trainers, the best at Trump, will call these for you. If they close the deal,*
11 *you get to keep the profits.* But at the very least, you get to watch and listen to the best deliver
12 the correct words to get the right results, and you get to watch it happen. No one else will do
13 that. But we do – we’re Trump, we’re bold; we’re the best.” However, at each \$1,500
14 seminar, Trump representatives called the leads of only one or two students, even if dozens of
15 students had brought their leads in.

16 53. **Mentorship** – Trump University promises students who purchase the \$1,495
17 seminar an “entire year apprenticeship” – “one full year of expert, interactive support” where
18 “you will be trained properly by the best.” But in actuality, students get only a three-day
19 seminar and an 800-telephone number to call. Trump does not provide the details, support or
20 training the students need to actually engage in the real estate transactions mentioned. Nor
21 does it provide any mentorship. In fact, while Trump University promised consumers who
22 purchased the \$35,000 seminar *unlimited mentoring for an entire year*, Trump University
23 told its mentors it would not pay them for more than *six one-hour mentoring sessions* per
24 consumer. When one Trump University student became frustrated by the lack of any value or
25 information the mentor was providing and asked to meet twice per week, the mentor admitted
26 that the “one year” of mentoring/consulting promised was really only six one-hour coaching
27 sessions. Students would never have paid \$35,000 for six one-hour sessions. Indeed, Trump
28 University Corporate admitted that the limit of six sessions should have been disclosed.

1 54. **Illegal practices** – Furthermore, the real estate practices taught during the
2 Seminars include transactions that are illegal in certain states, including California, such as
3 posting anonymous “bandit signs.” These are signs placed by the roadway that mimic yellow
4 and black road warning signs and say, “WE BUY HOUSES, 619-222-2222.” Trump
5 University instructors also instructed students how to engage in real estate transactions which
6 would be sanctionable as practicing real estate without a real estate license.

7 55. **Conflict of interest** – As part of the \$1,495 seminar, students are promised they
8 will meet a Trump “power team” of mentors, real estate agents, brokers, contractors, attorneys
9 and accountants who were “*hand-picked by Donald Trump,*” and will help the student make
10 money in real estate. However, these Trump University “mentors” and power team members
11 were not “hand-picked” by Donald Trump. Even worse, these mentors and “power team”
12 members often guide the students toward deals in which they have a personal financial interest
13 at stake – creating a severe conflict of interest so that the mentors profit while the student does
14 not.

15 56. **Money back guarantee and cancellation policy**– Students consistently
16 complain that they have timely requested refunds under Trump University’s money-back
17 guarantee, but that Trump University failed to refund them their money. In addition, Trump
18 deliberately designed its program and cancellation policy so that once students realize they are
19 not getting the information promised, it is too late to cancel. For example, in regard to the
20 \$1,500 seminar, students must cancel by the end of the first day (Friday) to get a full refund.
21 However, on Friday, students are told that all of the “good stuff” is going to happen on
22 Saturday. On Saturday, Trump representatives will call the students’ leads, they will review
23 their financial profile to assess what real estate investments are appropriate, and will tell them
24 about exclusive mentorship opportunities with Trump University. Therefore, students are
25 baited into waiting until the next day, and letting the cancellation period expire, to see if
26 Trump University will deliver – which it does not.

1 **Third tier – the \$35,000 Mentorship Program**

2 57. By the end of the \$1,495 seminar, students still have not received practical real
3 estate techniques. Instead, they only got a high-pressure sales pitch to purchase another
4 program from Trump University: the \$34,995 “Trump Gold Program.” Plaintiffs and Class
5 Members were clearly reluctant to spend approximately \$35,000 more on an additional
6 program, after already paying Trump nearly \$1,500. However, Plaintiffs and the other Class
7 Members relied on the speakers’ claims that they were “guaranteed success” if they followed
8 the techniques they would learn in the Gold seminar.

9 58. Trump University’s representatives told Plaintiffs and Class Members that with
10 the real estate mentorship they would receive in the Trump Gold Program, they could create a
11 real estate investing business that could earn up to tens of thousands of dollars of monthly
12 income, and potentially much more.

13 59. The same misrepresentations regarding the “on-going apprenticeship,” “hands-
14 on mentorship,” conflicts of interest with the mentors and “power team,” teaching of illegal
15 real estate practices, and failure to refund money timely requested also occurred during the
16 Trump Gold Program.

17 60. **Mentorship** – One of the biggest selling points of the Gold Program was the
18 promise of a three-day Field Mentorship with real estate experts and investors. Trump
19 University represented to Plaintiffs and Class Members that the value of this mentorship alone
20 was worth \$25,000. Plaintiffs and Class Members were told that they would receive priceless
21 insights and information from these mentors who were experts in the real estate industry and
22 would personally teach them what they would need to know. Instead, during the three-day
23 mentorship, students typically spent two days looking at real estate properties (which they
24 could have done with a realtor for free and were offered no unique insight or guidance), a half
25 day at a local Home Depot and lunch, and an hour or so discussing numbers. Mentors spent
26 little to no time discussing the contracts essential to the real estate transactions mentioned in
27 the seminar. After the three-days, the mentors quickly disappeared, in complete contradiction
28

1 to what was promised: an ongoing mentor who would personally assist the student for an
2 entire year.

3 61. During the Gold Program, there was still constant up-sell pressure to purchase
4 various other Trump University affiliate programs and products, varying in price from \$495 to
5 \$9,995.

6 62. Plaintiff Makaeff and the other students in her class who signed up for the
7 \$34,995 seminar were told that deals would now be coming their way via email and that "these
8 deals are starting to POUR IN NOW." However, few, if any deals came in, and those that did
9 provided only minimal positive cash flow, generally not worth enough to make the deal
10 worthwhile, and certainly not the "tens of thousands of dollars per month" of opportunity
11 promised by Trump University.

12 63. Plaintiffs and other Class Members were promised that they would receive the
13 contracts they needed to conduct various complex real estate transactions and teach them how
14 to fill them out – they never did. Even after the \$35,495 program, and after numerous phone
15 calls to Trump University, Plaintiffs and other Class Members were not instructed how to use
16 the contracts they would need to conduct the real estate transactions described.

17 **Trump University Receives D- Rating from Better Business Bureau**

18 64. In January of 2010, the Better Business Bureau gave Trump University a ***D***
19 ***minus rating***. In addition, the New York Department of Education demanded that Trump
20 University remove "University" from its title, insisting that the "use of the word 'university'
21 by your corporation *is misleading and violates New York Education Law* and the Rules of the
22 Board of Regents."¹⁵

23
24
25
26
27 ¹⁵ See Douglas Feiden, *State Educraacts Give Failing Grade to Donald Trump's*
28 *"Misleading" Trump University*, NY Daily News.com, April 16, 2010, and Lynn
O'Shaughnessy, *Is Trump University Flunking Out*, CBS MoneyWatch.com, April 19, 2010.

1 **Donald Trump is Liable for the Misrepresentations and Misconduct**

2 65. Donald Trump is personally liable because of his personal representations or
3 representations purportedly made by him, as well as his involvement and role in Trump
4 University:

5 (a) **Donald Trump is the founder and Chairman of Trump University –**
6 Donald Trump is the founder and Chairman of Trump University. Donald Trump owns Trump
7 University “lock, stock and barrel” according to Trump University seminar presenters. Trump
8 University is Donald Trump’s “baby, his company,” according to the Seminars.

9 (b) Donald Trump allowed Trump University to use his name, photos and
10 quotes for all Trump University seminar presentations, advertising – Donald Trump’s name,
11 image, and personal representations were used extensively in Trump University seminar
12 presentations and advertising. Donald Trump’s picture is on the home page of Trump
13 University’s website, along with a personal message from him: “Are YOU My Next
14 Apprentice? Prove it to me!” Other advertisements purported to provide “insider success
15 secrets from Donald Trump,” and the opportunity to “Learn from the Master,” next to Donald
16 Trump’s image. Consumers are told that the seminar is based on the “investing experience of
17 Donald Trump.”

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Creative Financing Techniques for Today's Market
on May 05, 2010
at 6 PM EST & 9 PM EST
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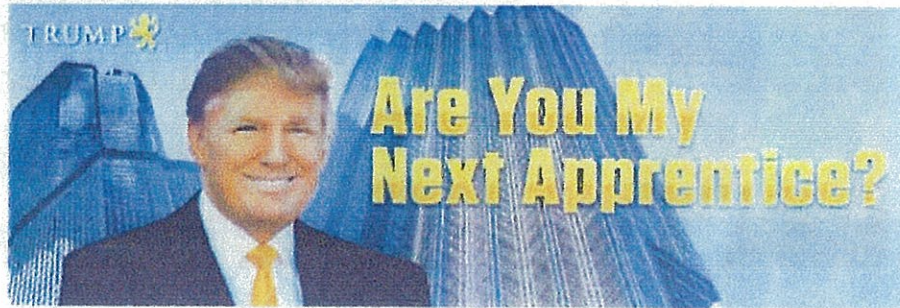
Facebook Twitter LinkedIn YouTube

15 (c) Print advertisements featuring Donald Trump and his image included
16 quotes from him including: *"Don't think you can profit in this market? You can. And I'll*
17 *show you how. Learn from my handpicked expert* how you can profit from the largest real
18 estate liquidation in history."¹⁶

19 (d) An email from Trump University to thousands or tens of thousands
20 consumers featured Donald Trump's photo with the words: *"Are you My Next Apprentice,"*
21 and stated: *"76% of the world's millionaires made their fortunes in real estate. Now it's your*
22 *turn. My father did it, I did it, and now I'm ready to teach you how to do it too."* The
23 signature line at the bottom of the email reads, Donald J. Trump, Chairman, Trump University,
24 and even includes his signature.

25
26
27
28 ¹⁶ See Trump University Advertisement, New York Post, March 2, 2009.

From: Trump University <email@info.trumpuniversity.com>
 To: brandon
 Sent: Thu, April 29, 2010 12:06:00 PM
 Subject: Entrepreneurs Needed to be My Next Apprentice



I want people who want success.

If you Think BIG and believe you've got what it takes to succeed, I want you!

76% of the world's millionaires made their fortunes in real estate. Now it's your turn. My father did it, I did it, and now I'm ready to teach you how to do it too.

[Register Now](#)

My team of real estate experts at Trump University is coming to your area in the next few days to conduct my Free Intro Apprenticeship Workshop. If you think you've got what it takes to be my next Apprentice, step up and attend. You should also bring along a trusted partner. This is YOUR opportunity to create wealth and take control of your own financial future with proven strategies that work in the current real estate market.

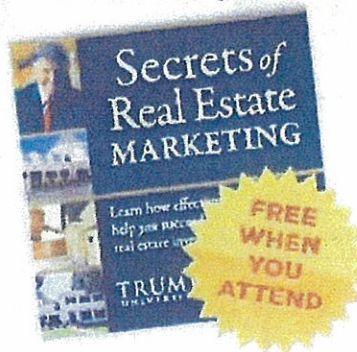
Attend the Free Intro Apprenticeship Workshop to learn how to:

1. Buy properties from banks at DEEP discounts
2. Use short sales to CONTROL property
3. Increase your financial POWER with leverage
4. Negotiate PROFITABLE deals that meet your goals
5. Attend and learn how to develop the CONFIDENCE to succeed in real estate

[Register Now](#)

See you at the top!

Donald J. Trump
 Chairman, Trump University



I'm also going to give you my "Secrets of Real Estate Marketing" investor toolkit (a \$50 value) absolutely FREE when you attend.

Don't waste time - seating is very limited and my Trump Workshops always fill up fast.

(e) Trump University print advertisements were reviewed and authorized by Donald Trump before they were released and contained quotes from Donald J. Trump, including: "I can turn anyone into a successful real estate investor, including you. – Donald Trump."¹⁷

(f) Donald Trump sent signed letters to consumers nationwide, with his *name and signature* at the bottom, which stated: "[N]o course offers the same depth of insight, experience and support as the one bearing my name My hand-picked instructors and mentors will *show you how to use real estate strategies to: [s]upplement or even replace your income, [s]ecure your long-term financial future . . . [s]tart profiting today!* Now is the time to create your financial legacy. *You can do it*, even if you only have five or ten hours a week to spare. With our simple instructions and practice exercises – *and ongoing support from your own Trump Team of Experts – you'll have what you need to succeed!*" (Emphasis in original). The letter closes with Donald J. Trump's name, signature, and at the Trump University address, at 40 Wall Street, 32nd Floor, New York, NY 10005.

(g) While Plaintiffs and other Class Members were in the midst of the Trump University \$1,500 seminar and Trump University was trying to persuade them to sign up for the \$35,000 course, each of the participants received a personalized (addressed to them by name) letter from Donald J. Trump. The letter bore the Trump logo at the top of the letter and the words "From the Office of Donald J. Trump." The letters stated:

Success in real estate begins with great training and proven strategies. Without education you don't stand a chance.

I know how to make money in real estate. I've been doing it for a long time with a lot of success. *My family has been a leader in real estate* since my father – Fred Trump – started building residential homes in New York City 75 years ago. My father was my mentor and he taught me a lot. *Now I want to teach you how to make money in real estate.* To be my apprentice you need to Think BIG and really want to succeed. More than anything, you need to take action.

Do YOU have What It Takes to Be My Next Apprentice?

¹⁷ See Trump University Advertisement, New York Post, March 2, 2009.

I only work with people who are committed to succeed. I founded Trump University back in 2005 to teach go-getters how to succeed in real estate. My team at Trump University is filled with real estate experts . . . proven winners. We're the best of the best and we know what works. If you think you have what it takes to be my next apprentice, prove it to me.

We've trained thousands of real estate investors over the years and we know you will be most successful when you work with a partner. . .

If you're serious about making money and safeguarding your future, *learn to invest in real estate. Trump University will teach you how. We'll give you the best training* and the confidence to succeed. If you think you've got what it takes to be my next Apprentice, come prove it to me and my team.

The letter closes with "See you at the top!" And, it is signed, "Donald J. Trump, Chairman, Trump University."

(h) Donald Trump wrote nearly 400 blogs posted on Trump University's website, and stated that he intended to be actively involved with Trump University – Donald Trump regularly posts blogs on the Trump University website – he has posted 387 blogs from May 27, 2005, to as recently as August 18, 2010, and these blogs all remained on the website as of October 18, 2010.¹⁸ In these blogs, Donald Trump stated that he intended to be actively involved with Trump University and intended to personally help consumers who paid for Trump University Seminars. Donald Trump wrote: "I'm not just putting my name on this venture; I plan to be an active presence in the curricula." For example in the blog "*Why I Started Trump University: A Passion for Learning*," Donald Trump explains that:

Trump University *grew out of my desire to impart my business knowledge, accumulated over the years*, and my realization that there is a huge demand for practical, convenient education that teaches success

I want the people who go to Trump University *to succeed, and I plan to do my part to help them. I'm not just putting my name on this venture; I plan to be an active presence* in the curricula. The website, www.trumpuniversity.com, will include such features as "*Ask Mr. Trump*," in which I answer your questions; the *blog* you're reading now; *video clips of me*; and more. *My words, ideas, and image will also be woven into the courses we create.* The reason I'm playing such an active role in Trump University is that I truly

¹⁸ <http://www.trumpinitiative.com/blog/author/donald-trump.cfm>. (After the name change, all references from Trump University were changed to Trump Entrepreneur Initiative, even in earlier posts; for continuity, we use Trump University).

1 believe in the power of education [T]he people who go to Trump
University want to be successful, and *I'm on their side.*¹⁹

2 (i) In the blog "*Trump University Lampooned: We're Laughing All the*
3 *Way to the Bank,*" Donald Trump acknowledges that much of the appeal and interest in Trump
4 University is due to the fact that it has his name on it, and his name has become a "brand":
5

6 Recently Gary Trudeau spent a week lampooning Trump University in
7 his comic strip Doonesbury. The basic premise of each strip in the series
8 revolved around the disparity between Trump University and a traditional
9 university. . . . Trump University has also been mocked in one of Jay Leno's
10 monologues, in the New York Post's Page Six cartoon, and probably in a lot of
11 other places.

12 *It's nice to see that my new venture is making a splash in popular*
13 *culture.* As they say, no press is bad press.

14 * * *

15 [W]hen you get big, especially *when you become a brand, you become a*
16 *target.* . . . So, if some people want to get a few cheap laughs at the expense of
17 Trump University just because it has my name on it, that's fine.

18 (j) Again in the blog "*On Being a Brand: What's in a Name?*" Donald
19 Trump acknowledges that his name has become a brand name, and that people pay more
20 money because of the association with him:
21

22 I never planned on becoming a brand name. Nevertheless . . . *Trump*
23 *has ultimately become a great brand name due to my rigorous standards of*
24 *quality.*

25 * * *

26 The Trump name carries with it a price tag: people pay a lot more to live
27 or rent commercial space in my buildings because of the association with me
28 and my ideals.

* * *

I have to believe in whatever I put my name on, and it has to reflect who I
truly am. To do otherwise would be a disservice to me, my loyal customers, and
prospective customers.

(k) Donald Trump's blogs were written by Donald Trump, not by
Trump University – Donald Trump's blogs which were posted on the Trump University

¹⁹ <http://www.trumpinitiative.com/blog/post/2005/06/why-i-started-trump-university-a-passion-for-learning.cfm>.

1 website were written by him, or purported to be written by him; they were not written by
2 Trump University. These blogs were publicly posted on the Trump University website as
3 public representations concerning Trump University and its program and services.

4 (l) **Donald Trump personally financed Trump University** – Unlike most
5 his other ventures, Donald Trump personally financed Trump University. He remains one of
6 the primary investors in Trump University. As Business Week reported, shortly after Trump
7 University began operations, “Plenty is at stake for The Donald: Unlike many of his past
8 ventures, he [Donald Trump] has funded this one [Trump University] all by himself.” See
9 Brian Hindo, *Trump University: You’re Wired!*, Business Week, May 23, 2005.

10 (m) **Donald Trump personally reviewed Trump University financials**
11 **every month** – Donald Trump was involved in and knowledgeable about Trump University
12 and its financial operations.

13 (n) **Donald Trump personally reviewed all print and direct mail**
14 **advertisements before they went out** – Donald Trump was also involved in the advertising
15 and marketing of Trump University. Donald Trump also received regular updates from
16 Michael Sexton.

17 (o) **Donald Trump represented that he hand-picked the Trump**
18 **University instructors and mentors** which was also represented by Trump University
19 presenters during real estate investing Seminars.

20 (p) **Donald Trump backed Trump University 100% and intended to**
21 **appear at fall 2010 events** – Donald Trump himself and Trump Organization “are backing
22 [Trump University] 100% and are even pushing for a very large scale event with Mr. Trump in
23 the near future,” according to Trump University director April Neumann to President Michael
24 Sexton, Michael Bloom and other conference call team members on August 19, 2010.

25 (q) **Donald Trump would hold periodic live online Q&A Sessions with**
26 **Trump University students** – According to Michael Sexton, Donald Trump would hold
27
28

1 periodic live online Q&A sessions with Trump University students.²⁰ Also, twice a month
 2 Donald Trump would personally choose and answer the best questions from Trump members,
 3 according to the Trump University website. The website stated:

4 Ask Donald Trump: Have you ever wanted to ask Donald Trump a
 5 question? Now's your chance! Mr. Trump loves hearing from Trump
 6 University members, especially members with great questions! But as you can
 7 probably guess, he's got a hectic schedule. That means Mr. Trump only has
 8 time for the most interesting and direct questions. Twice a month, he will
 9 choose the best questions and respond in true Donald Trump fashion. Look for
 10 answers to your questions (if answered) and previous questions and answers
 11 posted on the Trump Blog.

12 (Last visited 5/4/10).

The screenshot displays the Trump University website interface. At the top, the 'TRUMP UNIVERSITY' logo is on the left, and a phone number '888.826.5953' is in the center. A search bar is on the right. Below the header is a navigation menu with links: Home, Real Estate Investing, Entrepreneurship, Investing, Live Training, Trump Blog, and My Network. A secondary menu includes Network Home, C & A, Ask Donald Trump, Newsletters, Empire City, Resource Library, and Webinars. The main content area features a sidebar on the left with a 'Welcome to My Network' message and links to 'Login to access your account', 'My Programs' (My Courses, My Coaching, My Corporation, My Downloads, My Foreclosures), 'My Profile', and 'My Questions'. The central section is titled 'Ask Donald Trump' and contains a photo of Donald Trump. Text next to the photo reads: 'Have you ever wanted to ask Donald Trump a question? Now's your chance! Mr. Trump loves hearing from Trump University members, especially members with great questions! But as you can probably guess, he's got a hectic schedule. That means Mr. Trump only has time for the most interesting and direct questions. Twice a month he will choose the best questions and respond in true Donald Trump fashion. Look for answers to your question (if answered) and previous questions and answers posted on the Trump Blog.' Below this, a message states: 'You must be a member to use this feature. [Login or Join Now](#)'. The footer contains various links: About TrumpU, Faculty, Philosophy, Success Stories, Trump Insider Newsletter, Contact Us, Store, Privacy Policy, FAQ, and Contact Us, along with social media icons for Facebook, Twitter, LinkedIn, and YouTube.

20 See Brian Hindo, *Trump University: You're Wired!*, Business Week, May 23, 2005.

1 Complaints from Numerous Trump University Students Nationwide

2 66. Plaintiffs are not alone in their complaints regarding Trump University's
3 misrepresentations and unscrupulous conduct. Indeed, there are endless complaints
4 nationwide on the internet that echo Plaintiffs' complaints, including, for example:

- 5 • This recent post on <http://www.reviewopedia.com/trump-university.htm>, from Susan in Michigan was posted on April 11th, 2010:

6 We purchased a mentor program for \$19,000 in
7 December 2008. *We did not receive the promised materials or*
8 *mentor service.* We canceled immediately, calling both
9 Rochester NY & Boca Raton FL. Unfortunately we paid by
10 check and did not have a credit card company to help us get our
11 money back. We have made several call, emails, faxes, etc.
12 *We've been lied to, deceived,* promised the person with
13 "authority" would call us back immediately (doesn't matter
14 when you call, they are never in) and told there was a glitch in
15 their system and our refund was being processed. *We still do not*
16 *have our refund* and they continue to play the game. Does this
17 sound like Donald Trump is an honest man concerned with
18 helping you build wealth? . . .

- 14 • Charles from Florida posted this on September 21, 2009: "I was told that after
15 taking the first 3 day seminar, which cost \$1,500 I could go out start making
16 deals. . . . *The only thing they want you to do is sign up for the next seminar*
17 *which can cost up to \$35,000.*"
- 16 • Joe from Florida posted this on September 18, 2009: "*What a SCAM* I attended
17 the three day seminar and *really learned very, very little. [Their] goal is to talk*
18 *you into joining the next seminar,* which can cost up to 35,000. They use
19 almost Gestapo tactics to sign for this seminar Any questions you ask are
20 never answered."
- 21 • L. Heard from Georgia had this to say on June 23, 2009:

22 I have been trying to get my money back from attending
23 one of the seminars and have yet to do so. My contract stated
24 that I had 3 days after date of purchase to cancel and I did so in 1
25 day. I attended the seminar on March 22, 2009 and here it is
26 June 22, 2009 all they can tell me is that they see that I have
27 done all that I was supposed to do but they don't know what is
28 taking so long to refund my money.

- 24 • Dorla from California posted this on June 10, 2009:

25 Trump University is a major disappointment. *They charged me*
26 *\$35,000 for the program, which I would never have paid if I had*
27 *known that the info given to me was not true.* I based my decision on
28 that info! They would not return even a portion of my money after
several long and tearful conversations, even after agreeing the info was
outdated and they would have to do something about it. I would strongly
suggest never using them. There are other gurus out there that are honest

and don't cost as much !!! *I can't believe Donald Trump would allow such mis-behaving to be associated with his name. Run fast and keep running* where they are involved!

- Yu from Los Angeles posted this on March 25, 2009:

I signed up the tax lien products & as the organization promised "Full Money Back Guarantee" within 10 days. I called at least 10 times the organization & they keep on telling me different time frame & story about why they delayed to refund me. It's been the 25th business days, have *NOT yet received my refund. I checked BBB & found they did have a lot of fraud issues.*

- Linda from Newark, California had this to say on March 6, 2009: "I took several Trump classes and spent well over \$15,000 They give you a ton of information and then *leave you high and dry. No support what so ever!!!!*"
- Rhonda from Georgia claimed *her identity was used by Trump University without her permission* (post from September 30, 2009):

Just had someone write me and call that said that they graduated from Trump University's 3 day course and was led to me by *James Harris who said that I was a student there.* Okay – *that's not true.* Then, he also said that when I came to him as a student I was almost broke and that the course made me successful. Wrong again! I have never been a student of his or the school I and never been broke.

That is slander and I would watch someone who makes up stuff to make their product look better. Hopefully the success of the school is not based on lies.

Whereas I am successful - #1 Real Estate Agent in Georgia, 6 years in a row, it was not because of Trump University or James Harris which I had no idea existed until it was brought to my attention.
<http://www.reviewopedia.com/trump-university.htm>.

- On December 13, 2009, another Class member that was scammed by Trump University wrote:

Do not trust Trump University! This company is a well designed scam using the name of Donald Trump who apparently doesn't care how much more Americans get hurt this year and the next ones by a weak economy. Instead he's using it to take advantage of you.

They will do whatever (and I mean, whatever) it takes to get you to open your pockets to invest in their company. I am sure there are tons of people like me who have lost precious money because of them. So if you have to borrow and have no credit to do this or even if you have good credit, don't! They will rob from you . . . *this is modern day robbery* . . . and then they will place in a very dangerous position. You could lose equity in

1 your house if you have to borrow to attend, *you could damage*
 2 *your credit* if you have to max out your credit cards, or you
 3 could even lose your house like so many Americans because that
 4 last bit of money that was supposed to get you through another
 5 six months or year for mortgage payments is now gone based on
 6 a false promise!

7 The scam in all of this is that the information always
 8 skims the surface. No matter the class, *you get loads of advice*
 9 *on buying more classes, not advice on execution.* They will
 10 never tell you that it takes 1000 steps to do something and
 11 instead magnify the few positive points of real estate. Don't be
 12 fooled by them or their grand statements of flipping a house with
 13 10 hours of work. They are full of it! I know because I have been
 14 through it.

15 * * *

16 *Oh and when they tell you they'll be there for you,*
 17 *they'll scam as soon as they've collected the dough.* The
 18 instructors are there for their 3 day classes and then off to the
 19 next city to convince more unsuspecting prospects to drop 15-
 20 35G's.
 21 [http://trump-university.pissedconsumer.com/trump-university-](http://trump-university.pissedconsumer.com/trump-university-reviews-20091213164344.html)
 22 [reviews-20091213164344.html.](http://trump-university.pissedconsumer.com/trump-university-reviews-20091213164344.html)

- 23 • On January 20, 2010, another consumer wrote:

24 *Trump U preys on the elderly.*

25 This is the biggest SCAM I've ever seen! My 82 year
 26 old father went to a free seminar promising to make him rich
 27 through real estate. The seminar was solely for the purpose of
 28 upselling him into attending a \$1500 three day workshop by
 promising him they would teach him how to buy and sell
 foreclosures for huge profits (which is totally unrealistic because
 the vast majority of foreclosures today are because people are
 upside down in their homes) Anyway, he goes to the 3 day
 workshop and when he comes home we find out that they
 pressured him into spending \$35k MORE! I don't care who you
 are there is no real estate course worth \$35k. Then he proceeds
 to tell us how the majority of people there were SENIORS like
 him! These aren't long term investors here, these are people
 being tricked into thinking they can make a quick profit! If this
 isn't the definition of preying on the elderly then I don't know
 what is. <http://www.moneystance.com/trump-university-reviews>

- 29 • On December 13, 2009, another consumer stated that:

30 *Trump University and their staff should be ashamed of*
 31 *themselves! They RUINED my credit!!!* They told me I would
 32 get my large investment back in my first real estate deal because
 33 I would have access to amazing mentors and course content. I
 34 did what they told me in all of the courses and it was nonsense! *I*
 35 *maxed out my credit cards* because I thought Donald Trump

wouldn't have such a sorry excuse for a school just to make more money. But he is a greedy man so I should have known.

Be aware that when they tell you to increase your credit limit to purchase real estate it's really to scam you out of tons of money that you've worked so hard for. . . .
<http://www.complaintsboard.com/complaints/trump-university-c288699.html>.

- On November 3, 2008, another victim stated:

At the retreat, the only three things that happened: they pre-qualify you for their \$35, 000.00 GOLD PACKAGE, [2] *they ask you to call all your credit card companies and request a credit limit increase (so you can pay for the 35K)*, then during three days the sell you over and over their mentoring services and keep telling you that the information you are waiting to hear is coming . . . three days later nothing worth is mention. Their material is completely worthless. 100+ pages of content-empty power point print outs.

I requested a refund, both in person and in writing and was denied

BE AWEARE, THESE ARE MASTERS OF THE SCAM. <http://www.complaintsboard.com/complaints/trump-university-cl18292.html>.

- On February 27, 2009, Patt from Sacramento, California wrote:

Trump University real estate programs are ALL scams. I paid the \$1500 for the 3 day course which turned out to be three days of them trying to get me to sign up for the \$21,000 gold course. They *ask for all your financial information* (which fortunately I refused to give them) and then spend the remaining "class time" pulling people out to *hard close them on the gold program and private coaching*.
<http://www.ripoffreport.com/seminar-programs/trump-university/trump-university-rip-off-of-th-99exd.htm>.

- On June 19, 2008, Truth from Brooklyn, New York stated:

I wished I saw this site BEFORE I fell for [p]aying the \$1,500 at the free seminars. *[T]hey will take your money and the 3 day event will be used to make you buy more stuff. [A]nd even after you buy more stuff, they will sell you more.* [A]m not sure how much trump is making from this. But, i do feel that if he know what bull they are teaching, he would not authorize to use his name. [A]s you may know, this is the same things that other companies are doing to sell you more and more training. [T]he only difference in this situation is that they use trump name.
<http://www.ripoffreport.com/seminars/trump-university-tru/trump-university-trump-seminar-pcc44.htm>.

- On March 20, 2008, another consumer from Las Vegas, Nevada that was scammed by Trump University wrote:

Trump University will rip you off.

They do not teach you what they say they will teach you and what you have paid for. They also do not deliver what they say they will deliver and if you ask for a refund on something that you have not received they will not give it to you. All that I can say is do your research."
<http://www.ripoffreport.com/seminar-programs/trump-university/trump-university-is-a-scam-w-eba5e.htm>.

- On August 7, 2007, a real estate investor from New York, New York wrote:

Trump University is the biggest scam EVER!!! After speaking with most everyone employed there only ONE yes, ONE person on their staff invests in real estate. I have tried to blog several times asking if Mr. Michael Sexton (President of Trump University) has properties and I have never received a response. I paid over \$20,000.00 after they told me that I would get personalized service and all I got was a box filled with books to read and terrible software that costs under \$500.00 when buying from Barnes & Noble. The live events were a total joke and even the main presenter there bar[e]ly has investing experience. I fortunately have enough money to not go broke because of them but almost everyone there took out loans or maxed out their credit cards to get this trash service. It is just like every other late night infomercial and am disgusted by Mr. Trump being affiliated or supporting this program. I have talked to several different people there because each person I get handed off to quits or got fired from the organization. They don't know what they are doing and are preying on the weak who are just trying to make it in life!!!!!! SHAME ON YOU MR TRUMP AND TRUMP UNIVERSITY. . . ."
<http://www.ripoffreport.com/seminar-programs/trump-university/trump-university-scam-to-steal-s3c7s.htm>.

PLAINTIFFS' FACTS

Plaintiff Tarla Makaeff

67. Tarla Makaeff purchased the three-day Trump University "Fast Track to Foreclosure Training" workshop for approximately \$1,495. Two people were permitted to attend for the \$1,495 price, so Plaintiff Makaeff attended with a friend and split the cost. During the three-day workshop, Plaintiff Makaeff was told to raise her credit card limit four times so she could enter in to "real estate transactions." However, at the end of the session, Trump University revealed its real reason for pushing Plaintiff Makaeff and Class Members to

1 extend their credit limits: to use that credit to purchase an additional \$35,000 Trump seminar.
2 Based on Defendants' numerous misrepresentations, on or about August 10, 2008, Plaintiff
3 Makaeff enrolled in Trump's Gold Program for \$34,995, plus the variable APR finances
4 charges, interest fees, and late fees she had to pay her credit card company.

5 68. The day Plaintiff Makaeff signed up for the \$34,995 program, James Harris
6 immediately told Plaintiff Makaeff that he would now be personally available to her by phone
7 and email, and shortly thereafter emailed to her "we can do a ton together." Then, she never
8 heard from him again.

9 69. **"Guarantee" that Plaintiff Makaeff's first deal would pay for her \$35,000**
10 **seminar** – While Plaintiff Makaeff was on the fence about spending the additional money,
11 Trump University speaker Tiffany Brinkman persuaded Plaintiff Makaeff to sign up by
12 "guaranteeing" Plaintiff Makaeff that her first real estate deal would earn her in the ballpark of
13 \$35,000, so that she could immediately pay off her Trump University debt, leaving only profits
14 for the future. Although Plaintiff Makaeff signed up for the seminar in reliance on this
15 representation, which was a standard representation made by Trump University
16 representatives, it could not have been farther from the truth – Plaintiff Makaeff never made
17 *any* money.

18 70. **Mentors** – Plaintiff Makaeff was assigned two mentors, and initially, the
19 mentors would return calls, but would only speak to Plaintiff Makaeff for two to three minutes,
20 offering no practical advice. After that, although the mentors were supposed to provide
21 "mentorship" to Plaintiff Makaeff for a full year, they mostly disappeared. After Plaintiff
22 Makaeff complained about the lack of assistance provided by her assigned mentors, Rick
23 McNally and Mike Kasper, Tad Lignell, the mentor with the "power team," offered to help her
24 personally, but then engaged in misappropriate conduct and misadvised her regarding a
25 property in Las Vegas in which he had a personal financial interest.

26 71. After spending approximately **\$60,000** over the course of an entire year to
27 attend numerous Trump University related or endorsed Seminars, only two real estate deals
28

1 ever came to Plaintiff Makaeff, and Plaintiff Makaeff did not accept either, as both were
2 flawed and appeared unprofitable.

3 72. In one of the two deals offered to Plaintiff Makaeff, Trump mentor Tad Lignell
4 introduced Plaintiff Makaeff to a real estate agent, Noah Herrera of Las Vegas regarding a
5 property purchase in Las Vegas. Lignell did not disclose to Plaintiff Makaeff that he had a
6 financial interest in referring Trump students to Noah Herrera. *The Power Team then*
7 *misquoted comps to Plaintiff Makaeff.* Rather than making a profit on the deal, as she would
8 have made if the comps had been correct, she would have likely suffered a 20% *loss* on the
9 transaction. When she discovered that the comps were incorrect and that she was likely to lose
10 money on the deal, she looked for a way out. As it turned out, Mr. Lignell's protégé
11 fraudulently and illegally altered the real estate documents Plaintiff Makaeff had previously
12 signed at the escrow office without Plaintiff Makaeff's authorization or approval. As a result
13 of this illegal and fraudulent conduct, Plaintiff Makaeff was permitted to void the transaction,
14 which she did.

15 73. The only other real estate transaction that came Plaintiff Makaeff's way
16 involved a Houston property. After being told by Trump representatives that the deals "are
17 starting to POUR IN NOW," the only deal that came in was the Houston deal. It was outside
18 of Trump University's recommended guidelines for real estate investing, as it would provide
19 only \$40/month positive cash flow, and Trump's own representative, Stephen Gilpin instructed
20 Plaintiff Makaeff never to accept a deal under \$100/month positive cash flow. Furthermore,
21 this potential deal raised an inherent and improper conflict of interest, as it was referred by a
22 partner (Mike Kasper) to the Trump mentor, Rick McNally, who stood to financially benefit
23 from the deal.

24 74. **Bandit signs** – Furthermore, certain real estate practices that Trump University
25 taught Plaintiff Makaeff and other class members during the Seminars included transactions
26 that are *illegal* in California and other states, such as posting anonymous "bandit signs."
27 These are the signs that are posted by the side of the roadway, mimic black and yellow road
28 warning signs and say, "WE BUY HOUSES, 619-222-2222." Plaintiff Makaeff was posting

1 bandit signs, as taught by the Trump Seminars she attended, and had no idea they were illegal
2 until she was contacted by the District Attorney's Office and told that those techniques could
3 subject her to *hundreds of thousands of dollars in fines, a misdemeanor charge, and up to*
4 *six months in jail*. As a result, she was required to retain a criminal attorney. Makaeff
5 suffered physical and emotional damage as a result of the stress of the DA investigation, as
6 well as continuing financial stress due to the substantial amount of money she lost to Trump.

7 **Makaeff's written and videotaped comments regarding Trump University –**
8 Trump University has attempted to tarnish Makaeff's credibility by stating to the press that
9 Makaeff gave Trump University good written reviews. After the \$35,000 seminar, Makaeff
10 did write a review saying positive things about the program, but her mentors who were
11 supposed to be providing her with a full year of one-on-one mentoring were right there looking
12 over her shoulder, so she did not want to offend them by writing anything negative. Also, at
13 this point, immediately after the seminar, Makaeff actually believed she would still get the
14 information and mentoring she was promised by Trump. Like most people who attend the
15 seminar, she did not fully realize she had been scammed until later on. She kept thinking she
16 would get the help and mentoring she was promised, but it never came. In regard to the
17 videotape Trump University has referred to in the press as a Trump "testimonial," at the last
18 seminar Makaeff attended in July 2009 on "California specific strategies," a cameraman
19 shoved a camera in her face unexpectedly and started recording and asking questions. Again,
20 trying to be polite and not to offend her mentor, whom she still expected to help her with real
21 estate deals, her recollection of the tape is that she replied in general terms that mentors in
22 general are important (without reference to the Trump mentors specifically) and that she had
23 some mentors in her life that had benefitted her. She did say that she believed real estate
24 knowledge is an important skill to have – and she still believes this – however, Trump's
25 programs unfortunately did not provide her with the real estate education she expected to
26 receive.

27 **Plaintiff Ed Oberkrom**
28

1 75. Ed Oberkrom is a 65-year old senior citizen who lives in St. Louis, Missouri
2 and purchased the three-day Trump seminar for \$1,500 in February 2009 and then went on to
3 purchase the \$25,000 Elite seminar in March 2009. He attended the seminar after seeing and
4 relying on Trump University advertisements.

5 76. Ed and the students in his class were told that the first students to sign up for
6 the \$25,000 seminar would be the first to get the best properties on a list, and access to get the
7 best buyers. The speaker also told them that the first students to sign up would get the first
8 access to an exclusive website of *properties hand-picked by Donald Trump*. As he later came
9 to learn, these properties were *not* hand-picked by Donald Trump. And the website was *not*
10 “exclusive” at all – anyone could buy it for \$39/month.

11 77. The Trump University instructor, Steve Goff, sold Ed Oberkrom on the
12 program by telling him that he had family in St. Louis and that he planned to come back to
13 town frequently and would give him personal training. However, once he and Trump got Ed
14 Oberkrom’s money, Goff *has not once been back* to town – or at least he has not contacted
15 Mr. Oberkrom.

16 78. **Raising credit card limits** – As is standard in all Trump \$1,500 Seminars, the
17 Trump instructor, Goff, asked all the students to raise their credit card limits – and then
18 purchase the \$25,000 or \$35,000 “mentoring” program. Each student was asked to fill out a
19 “gold sheet” of financial information, real estate owned, credit info, etc.

20 79. **Mentoring** – During the course of the three-day seminar, Goff took Mr.
21 Oberkrom out one afternoon to look at some properties, but it was completely unproductive.
22 Goff said that he would follow-up with him and tell him what to bid on the properties, but he
23 never did tell Oberkrom what to bid, and never followed up with him, and the deadlines to
24 purchase the properties passed.

25 80. **Refund refused** – Mr. Oberkrom was supposed to receive 2-1/2 more days of
26 “in-person” mentoring in regard to the supposed year-long mentorship, but it has been over a
27 year, and despite some discussion of trying to set a date, no mentoring has occurred (and none
28 of the \$25,000 refunded). In fact, when Mr. Oberkrom asked for his money back from Trump

1 University, since he never received the mentoring he paid for, Trump told him that because he
2 did not cancel within the three-day rescission period, he was out of luck.

3 **Plaintiff Brandon Keller**

4 81. Plaintiff Brandon Keller is a San Diego resident who resides in Del Mar, has a
5 degree in Business Administration/Finance from University of Arizona in Tucson and is
6 currently going to school to become a nurse. He received an email advertisement about Trump
7 University in the fall of 2009 and attended the free seminar on November 18, 2009, at the
8 Marriott in La Jolla on La Jolla Village Drive.

9 82. At the free introductory real estate seminar, the Trump University speaker went
10 through the standard slides and presentation discussed above. The speaker claimed that he
11 personally made \$50,000 after attending the three-day \$1,500 seminar and showed slide
12 testimonials of people who claimed they made \$90,000 after attending the \$1,500 seminar.

13 83. Keller paid for and attended the \$1,500 seminar on Friday December 6, 2009
14 through Sunday, December 8, 2009, at the San Diego Hilton Bay hotel downtown. He decided
15 to take the seminar because Trump University promised it would teach students specifically
16 how to make money in real estate without using any of their own money. Trump
17 representatives also promised students that with the \$1,500 seminar, they would have access to
18 a real estate coach and program director, Paul Reisner, for a full year – neither provided any
19 assistance to Keller with real estate investing.

20 84. **Misrepresentations regarding calling student real estate “leads”** – Keller
21 and the students at his free introductory seminar were told that that if they signed up for the
22 \$1,500 seminar, they could bring in five to ten real estate leads and Trump University
23 representatives would call them during the \$1,500 seminar. Students were told: Go get five
24 for-sale-by-owner leads (FSBOs) in lower-middle income areas, with a phone number and an
25 address for each property, and five “for rent” ads. *“Our trainers, the best at Trump, will call*
26 *these for you. If they close the deal, you get to keep the profits.* But at the very least, you get
27 to watch and listen to the best deliver the correct words to get the right results, and you get to
28 watch it happen. No one else will do that. But we do – we’re Trump, we’re bold; we’re the

1 best.” However, at the \$1,500 seminar, even though there were 30 people in the class,
2 including Keller, who brought in potential real estate leads, Trump University representatives
3 called leads for only 2 of the 30 students.

4 85. The speaker at Keller’s \$1,500 seminar was Steve Goff. He told students that
5 at one point in his life he was homeless, but he found a real estate mentor, and that person
6 taught him how to make money in real estate. Goff said that after he had made a lot of money
7 in real estate and did over 100 real estate deals, Donald Trump approached him and said he
8 wanted Goff to work for him, so he left his lucrative real estate career to be a touring speaker
9 for Donald Trump.

10 86. **Money back guarantee and cancellation policy**— Keller knew that in order to
11 request his money back under the Trump University “satisfaction guarantee,” he had to cancel
12 after the first day (Friday) of his \$1,500 seminar. However, on Friday of the three-day
13 seminar, Keller and his class were told that all of the “good stuff” was going to happen on
14 Saturday – the Trump University representatives would call his leads, review his financial
15 profile to assess what real estate investments were appropriate for him, and he would learn
16 about exclusive mentorship opportunities with Trump University. Therefore, Keller felt he was
17 basically forced to come on Saturday to get the information Trump University promised, and
18 by then, it was too late to cancel.

19 87. **Mentorship** – during the \$1,500 seminar, the Trump University speaker told
20 students over and over again that they really needed a mentor to succeed in real estate
21 investing. He repeatedly told them that you really have to have a mentor to make a lot of
22 money in real estate and so you do not make mistakes. If you do not have a mentor, you can
23 lose a lot of money and have a lot of problems. The speaker gave several examples of how he
24 lost money in real estate before he had a mentor, and how he made a fortune in real estate once
25 he had a mentor. The speaker never mentioned the price of this “mentor” on Friday, when
26 students still had time to cancel and receive their money back, but on Saturday, after it was too
27 late to cancel, Trump University representatives eventually revealed that the price for this
28 year-long mentorship (including three days in-person) was \$35,000. He assured students that

1 although that may sound expensive, compared to Wharton Business School where Donald
2 Trump attended, it is a bargain – Wharton is \$35,000/year, and it is a four-year school – they
3 were better off going with Trump University, he told them.

4 88. **Increasing credit card limits** – As is standard procedure during the \$1,500
5 Seminars, on Saturday, the Trump University speaker told Keller and all the other students to
6 increase the credit limits on all of their credit cards so that they would have more credit
7 available to buy real estate. The speaker also asked every student to fill out a sheet of their
8 personal financial information, including a list of all credit cards, the credit limit on each card
9 and the available credit to charge, so that they could purportedly assess what real estate
10 investments would be best for each student. Then, as is also standard procedure, Trump
11 University asked the students to use their increased credit limit to purchase the \$35,000 Trump
12 Elite seminar. The speaker even told students they could spread the amount out over multiple
13 credit cards. This is what Keller did – he put \$10,000 on each of two credit cards, and \$15,000
14 on a third. Keller believed that most students who purchased the \$35,000 seminar from his
15 class put the amount on two to five credit cards, depending on their credit limits. Keller
16 estimates that *30-50% of the 30 students in his \$1,500 seminar signed up for the \$35,000*
17 *seminar.*

18 89. **Trump University guaranteed his real estate deals would pay for his**
19 **Seminars** –At the free seminar, Keller was told that if he signed up for the \$1,500 seminar, he
20 was guaranteed to make \$5,000 to \$10,000 within 30 days to cover the cost of the seminar. He
21 did not. At the \$1,500 seminar, Keller was told by the speaker that he was guaranteed to make
22 \$75,000 on the first deal to more than cover the cost of the \$35,000 program. He did not.

23 90. After Keller signed up for the \$35,000 seminar, he was assigned Geoff Nowlin
24 in Arizona as his mentor. Before the three-day mentorship commenced, Keller wrote some
25 emails to his mentor asking various real estate questions, but his mentor wouldn't answer his
26 questions or give him any help or assistance. Since this was not the mentor experience that
27 had been described when he purchased the program, he called Trump University program
28 director Paul Reisner and requested a refund of his \$35,000. Trump refunded him the money

1 since he had never received the three-day in-person mentorship. Keller also asked that Trump
2 University refund the \$1,500 he paid for the introductory seminar as it did not provide any of
3 the education or instruction promised, but Trump University refused. The \$1,500 Keller paid
4 for the Trump University introductory seminar still remains on his credit card, accruing
5 interest charges.

6 91. Plaintiffs' experiences with Trump University are typical of the class and the
7 many hundreds (if not thousands) of other Trump University students who have registered
8 their complaints online and with Trump University.

9 92. Plaintiffs have suffered injury in fact and loss of money or property. They have
10 been damaged by, *inter alia*, the amounts they have paid for Trump University Seminars.

11 **Plaintiff Sonny Low**

12 93. **Background** – Plaintiff Sonny Low is a 71-year old senior citizen and San
13 Diego resident who resides in Chula Vista, California. He retired in 2005 as a U.S. Foreign
14 Service Officer who served our country for 34 years. He managed multi-million dollar loan
15 and technical assistance programs as part of the U.S. government's foreign assistance to Latin
16 America, the Caribbean, and to Eastern Europe. Low was commissioned by the U.S. Senate
17 and appointed by President Reagan in 1985. At the U.S. Agency for International
18 Development, Low represented the U.S. government in implementing and evaluating the U.S.
19 Housing Guaranty Program, which provided affordable housing and community infrastructure
20 programs, benefitting thousands of poor families. Low is fluent in Spanish, and managed this
21 program from Washington headquarters and regional offices based in Panama, Honduras,
22 Ecuador, and Guatemala.

23 94. Prior to his Foreign Service career, Low graduated with a Bachelor of Science
24 degree in Business Administration from the University of California, Berkeley, followed by a
25 Master of Urban Planning degree from the University of Washington. Having completed his
26 University studies during the Vietnam War; Low was fortunate to win acceptance into a
27 California Army National Guard unit. He successfully completed Basic Training at Fort Ord,
28 California, and served for two years before being honorably discharged to serve as a Peace

1 Corps Volunteer in Chile, South America. Upon his return from Chile in 1970, Low was hired
2 by the City of San Diego's Model Cities Program where he monitored low income housing
3 and community parks and recreation programs in the low income neighborhoods of Southeast
4 San Diego and San Ysidro. After four years in San Diego, from 1974 to 1979, Low won
5 appointment to return to the Peace Corps where he managed the Program and Training staff
6 and served as the Deputy Director of U.S. volunteer programs in Colombia and Costa Rica.

7 95. **Free Seminar** – Low took the free introductory Trump University Seminar at
8 the Westin Gaslamp on or about November 18, 2009, in San Diego, California. He learned of
9 it from advertisements in the newspaper, and he called Trump University for more
10 information. The primary speaker was Jim Harris.

11 96. **\$1,500 seminar** – Based on representations made by defendants during the free
12 seminar, Low paid for and attended the \$1,500 seminar on or about December 6, 2009, in San
13 Diego, California. The primary speaker was Steve Goff.

14 97. **Mentorship** – Defendants told Low and other class members that in order to
15 succeed in real estate they needed to have a mentor. Defendants promised Low that by
16 purchasing the Trump Elite program for \$25,000-\$35,000, he would receive his own mentor
17 who would work "side-by-side" with him to create a "customized investment plan that is based
18 on [his] neighborhood or town, [his] financial goals, and [his] level of comfort." Trump
19 University also promised that this mentor would teach and show students step-by-step how to
20 invest in real estate, including locating properties, negotiating with sellers and buyers, walking
21 through properties to assess their potential, running the numbers, writing offers, and actually
22 structuring the deal, including smart exit strategies. Trump University promised Low and
23 class members "Personalized Training & Guidance":

24 **In-Field Mentorship**

25 Nothing can accelerate a real estate investment more than having a
26 Trump mentor. Our Mentors fly into your market and in three action-packed
27 days walk you through every step of a real estate transaction, from finding great
28 properties, to running the numbers to making the offers. You work hand in
hand with the Mentor to learn how to invest the Trump way so that even when
the Mentor is gone, you can continue to build your financial future.

1 98. Trump University also promised Low and class members that the Trump
2 mentor would help each student create a “customized investment plan”:

3 Your mentorship is about hitting the streets and working one-on-one
4 with a practiced, successful investor who takes you through each step of the
real estate investing process.

5 Together with your Mentor, you’ll work on a customized investment
6 plan that is based on your neighborhood or town, your financial goals, and your
level of comfort. Your Mentor has already done the legwork. He knows what
7 works and what doesn’t. He will keep you motivated while showing you the
fastest ways to get you investing and purchasing properties!

8 99. **Elite \$25,000 program/mentorship** – While attending the \$1,500 course, on or
9 about December 6, 2009, Low paid \$25,000 for the Elite program. Trump University
10 promised Low and other class members that the mentors would help students prepare a
11 customized real estate investment plan. Low met with his Trump University mentor, Geoff
12 Nowlin, February 19-21, 2010 in San Diego. Low’s mentor, Nowlin, did not appear to be
13 knowledgeable or experienced in real estate investing. Nowlin did not help Low create a
14 “customized investment plan based on [Low’s] neighborhood” as promised. Nowlin did not
15 work “side-by-side” with Low to show him “step-by-step” how to locate properties, negotiate
16 with sellers and buyers, run the numbers, write offers and structure deals. Nowlin had not
17 done any “legwork” for Low, and in fact came completely unprepared.

18 100. **Mentor action plan** – Nowlin mailed Low a letter in December, 2009, asking
19 him to do some pre-arrival “homework” before the in-person mentorship, and to answer
20 questions on 26 topics regarding real estate investing. Nowlin promised in the letter that at the
21 end of the mentorship, he would leave Low with “an action plan that will be personalized for
22 you and your local market.” According to Trump University, the purpose of the homework
23 was to help the mentor “create a plan for your success.” It covered 26 different points, and
24 was broken down into sections, including: (1) Goals and Dreams; (2) Sources of Income; (3)
25 List of Assets/Liabilities; and (4) Savings. Low completed the homework, answering the 26
26 questions about his interests and ability in real estate investing, but Nowlin never asked to see
27 this, either before or during the mentorship. When Nowlin left, he did not leave Low with an
28 action plan that was personalized for Low’s goals, income, or the San Diego market. Instead,

1 Nowlin left him with a one-page form photocopy called "Post Mentor Action Plan." It was
2 ridiculously general and vague, and nothing like the "customized" and "personalized" action
3 plan, created "one-on-one" with a mentor that Trump University had promised students.

4 101. After expressing complete frustration with his assigned mentor, Nowlin, Trump
5 University assigned Low another mentor, Joe Lahore, who they promised would call Low
6 every week. He did not. After initial conversations with Lahore, Low learned that Lahore was
7 not experienced or knowledgeable about the San Diego County real estate market. In fact,
8 Lahore's real estate experience was primarily limited to a trailer park that he co-owned in the
9 Midwest. Low asked Trump University for Lahore's resume detailing his real estate
10 experiences, which they did not produce. At this point, Low told Trump University he would
11 not accept their offer to substitute Lahore for his other useless mentor, and he asked Trump to
12 refund him his \$25,000.

13 102. **Performance evaluation** – Low's Trump University mentor, Nowlin,
14 specifically asked Low to give him ratings of "all 5s" on his performance review, and
15 accordingly, Low rated his mentor higher than he felt Nowlin really deserved. He actually
16 believed he should have given Nowlin failing grades on the "Field Mentor Evaluation Form"
17 because Low was very dissatisfied with the mentorship and felt it was a waste of time.

18 103. **Trump Mentors are not your partners** – After Low had completed his Trump
19 University seminars and mentorship, one of Trump University's lead instructors, Steve Goff
20 wrote to Low on January 6, 2011, acknowledging that the Trump University mentors were not
21 actually "partners" with the students and did not necessarily have incentive to help the
22 students: "Trump and other companies charge up to \$9,000 per day [for mentorships] and the
23 mentors are not your partners and don't have a vested interest in you making money or not."

24 104. **Misrepresentations** – Defendants made the following misrepresentations to
25 Low and other class members:

26 (a) **One-year of unlimited mentoring** – Defendants promised Low and
27 other class members that they would receive one-year of unlimited mentoring. Instead, Low's
28 mentor disappeared and stopped returning phone calls shortly after the mentorship began. On

1 the few occasions when Low did speak with his mentor, it was so meaningless and frustrating
2 that Low felt that further discussions would be pointless.

3 (b) **Mentors and Instructors were not “hand-picked” by Donald Trump**
4 – Defendants promised Low and other class members that if they purchased the Trump
5 University seminars they would learn from Trump University instructors and mentors that
6 were hand-picked by Donald Trump. This was false, as the instructors and mentors were not
7 hand-picked by Donald Trump.

8 (c) **Mentors and Instructors were not real estate experts** – Defendants
9 represented to Low and other class members that the Trump University mentors and
10 instructors were all real estate experts, experienced in the real estate investing techniques that
11 they were teaching. This was false. The vast majority of Trump University’s mentors and
12 instructors were not experts in real estate with personal experience in the real estate techniques
13 they were teaching, but instead were professional salespeople, hired because of their ability to
14 deliver high-pressure sales pitches and to close sales.

15 (d) **Donald Trump’s active involvement** – Defendants represented to Low
16 and other class members that Donald Trump would be actively involved in Trump University.
17 This was not true, as he was not actively involved.

18 (e) **Trump University did not teach students Donald Trump’s investing**
19 **secrets** – Defendants promised Low and other class members that they would learn Donald
20 Trump’s investing secrets or real estate techniques, or learn the “Trump way” to real estate
21 investment. This was not true, as the Trump University instructors and mentors did not teach
22 students Donald Trump’s investing secrets or real estate techniques.

23 (f) **Raising credit card limits** – During the \$1,500 seminar, Steve Goff
24 asked Low and other class members to raise their credit card limits so that they would be ready
25 to invest in real estate, but then asked Low and the other students to use their credit cards, not
26 to purchase property, but to “invest” in the next level of Trump seminars – the Elite program.

27 (g) **Guaranteed to make money back** – Defendants told Low that if he
28 signed up for the Trump University Elite program for \$25,000, he was guaranteed to make his

1 money back within the first one or two deals. He did not. In fact, three years later he is still
2 paying back his credit card for the purchase price of the program.

3 **Plaintiff J.R. Everett**

4 105. **Background:** Plaintiff J.R. Everett is a 68-year old resident of Tampa Florida,
5 who worked in system development for 30 years for a large communications company. She
6 has been a licensed real estate agent since 1987, and licensed real estate broker since 1996, and
7 was interested in Trump University to get back into the real estate market after the housing
8 bust.

9 106. **Free seminar** – Everett took the free introductory Trump University seminar in
10 Tampa, Florida on or about October 7, 2009. She learned of the seminar from an invitation
11 sent out by Trump University. The primary speaker was John Jamison.

12 107. **\$1,500 seminar** – Based on representations made by defendants during the free
13 seminar, Everett paid for the \$1,500 seminar on October 7, 2012, and attended the seminar in
14 Tampa, Florida on or about October 16-18, 2009. The primary speaker was Gerald Martin.
15 The session was primarily an “up-sell” to the next level – the Elite program. Trump
16 University told Everett and other students they could make money in real estate with “no
17 money down,” and Martin promised Everett he would personally work with her to do this.

18 108. **Elite \$35,000 Elite program/mentorship** – Defendants told Everett and other
19 class members that in order to succeed in real estate they needed to have a mentor. Defendants
20 promised Everett that by purchasing the Trump Elite program for \$35,000, she would receive
21 her own mentor who would work “side-by-side” with her to create a “customized investment
22 plan that is based on [her] neighborhood or town, [her] financial goals, and [her] level of
23 comfort.” Trump University also promised that this mentor would teach and show students
24 step-by-step how to invest in real estate, including locating properties, negotiating with sellers
25 and buyers, walking through properties to assess their potential, running the numbers, writing
26 offers, and actually structuring the deal, including smart exit strategies.

27 109. Everett paid \$35,000 for the Elite program on or about October 16, 2009, and
28 attended the seminar December 4-6, 2009 in Orlando, Florida. Trump University assigned

1 Chris Lombardo as her mentor. Lombardo had recently been hired by Trump in 2009 and was
2 not knowledgeable about the real estate investing techniques discussed in the seminar, so
3 Everett turned down his services. Trump University then assigned Mike Biglane as her
4 mentor. The Trump University seminar promised a mentor to walk her through "no money
5 down" techniques that did not involve long-term investments, but Biglane did not do this.

6 110. Everett called Trump University and asked representative Jack Mahoney for a
7 refund from Trump. After several very heated conversations, Mahoney convinced Everett to
8 try Troy Peterson in Tampa, Florida. Everett talked with Peterson by phone, but the real estate
9 techniques he discussed were not practical. While the Trump University seminars claimed that
10 mentors would help students create real estate investing plans where they could successfully
11 invest with no-money down, Peterson's techniques did not track with this. Instead, the
12 transactions he recommended to Everett would have required her to set up a full-blown
13 business with software, pre-foreclosure listing services, web page, and become a broker via the
14 Thompson rule (not offered in Tampa), etc. This is not what Trump University pitched to
15 students in selling them costly mentorships.

16 111. **\$35,000 seminar** – For the \$35,000 Everett paid, she was to receive four
17 workshops, which Trump University represented would take place in or near her hometown,
18 Tampa, Florida. This was not true. Only one of the four seminars took place near Tampa, the
19 "Quick Start Workshop," which Everett took in Orlando on December 4-6, 2009. The rest of
20 the seminars took place on the East and West coasts, which would have involved airfare, hotel
21 and other travel costs to get to California, Boston, etc. This is not what Trump University had
22 promised. Trump University also promised that students would be taught Donald Trump's
23 real estate investing secrets. That was not true. The seminar was conducted by Chris Goff
24 who presented a two-day session on his own purported experiences in real estate, not Donald
25 Trump's real estate investing techniques or experiences. Goff spent the majority of the third
26 day trying to pressure students into buying his own personal mentorship service and tapes for
27 an additional \$1,500 to \$2,000.

1 112. **Misrepresentations** – Defendants made the following misrepresentations to
2 Everett and other class members:

3 (a) **One-year of unlimited mentoring** – Defendants promised Everett and
4 other class members that they would receive one-year of unlimited mentoring. She did not
5 receive any mentoring.

6 (b) **Mentors and Instructors were not “hand-picked” by Donald Trump**
7 – Defendants promised Everett and other class members that if they purchased the Trump
8 University seminars they would learn from Trump University instructors and mentors that
9 were hand-picked by Donald Trump. This was false, as the instructors and mentors were not
10 hand-picked by Donald Trump.

11 (c) **Mentors and Instructors were not real estate experts** – Defendants
12 represented to Everett and other class members that the Trump University mentors and
13 instructors were all real estate experts, experienced in the real estate investing techniques that
14 they were teaching. This was false. The vast majority of Trump University’s mentors and
15 instructors were not experts in real estate with personal experience in the real estate techniques
16 they were teaching, but instead were professional salespeople, hired because of their ability to
17 deliver high-pressure sales pitches and to close sales.

18 (d) **Donald Trump’s active involvement** – Defendants represented to
19 Everett and other class members that Donald Trump would be actively involved in Trump
20 University. This was not true, as he was not actively involved.

21 (e) **Trump University did not teach students Donald Trump’s investing**
22 **secrets** – Defendants promised Everett and other class members that they would learn Donald
23 Trump’s investing secrets or real estate techniques, or learn the “Trump way” to real estate
24 investment. This was not true, as the Trump University instructors and mentors did not teach
25 students Donald Trump’s investing secrets or real estate techniques. Defendants also promised
26 Everett and other class members that they would teach students how to make money with no-
27 money down, but they did not provide Everett or other students with reasonable, realistic
28 approaches to do so.

1 (f) **Raising credit card limits** – During the \$1,500 seminar, defendants
 2 asked Everett and other class members to raise their credit card limits so that they would be
 3 ready to invest in real estate, but then asked Everett and the other students to use their credit
 4 cards, not to purchase property, but to “invest” in the next level of Trump seminars – the Elite
 5 program.

6 (g) **Guaranteed to make money back** – Defendants told Everett that if she
 7 signed up for the Trump University Elite program for \$35,000, she was guaranteed to make
 8 her money back within the first one or two deals, which would pay for the entire course. She
 9 did not.

10 **Plaintiff John Brown**

11 113. **Background:** Plaintiff John Brown is a resident of New York City and has a
 12 B.A. in Psychology and an M.S. in Education. He is 61 years old and paid for the Trump
 13 University courses in the hopes that he could build a retirement fund that would protect him in
 14 the later years of his life.

15 114. **Free seminar** – Brown took the free introductory Trump University seminar in
 16 New York, New York on or about September 14, 2009, entitled “Profit From Real Estate
 17 Investing.” He learned of the seminar from an advertisement he saw, either online or in the
 18 newspaper. He was attracted by Donald Trump’s name. He thought that because of Donald
 19 Trump’s involvement with Trump University, it would not be a scam, but a legitimate
 20 opportunity to learn about how to make money investing in real estate. Instead, it turned out to
 21 be a scam.

22 115. **\$1,500 seminar** – Based on representations made by defendants during the free
 23 seminar, Brown paid for and attended the \$1,500 three-day seminar at the New York Marriott
 24 East Side on or about September 25-27, 2009. The primary speaker was James Harris. The
 25 material covered in this seminar was very general, and much of it was no more than a “push”
 26 or “up-sell” to get participants to sign up for the Trump Elite programs.

27 116. **Elite \$25,000 Elite program/mentorship** – Defendants told Brown and other
 28 class members that in order to succeed in real estate they needed to have a mentor. Defendants

1 said, if you are only going to do one thing, do the mentorship. Defendants promised Brown
2 that by purchasing the Trump Elite program for \$35,000, he would receive his own mentor
3 who would work "side-by-side" with him to create a "customized investment plan that is based
4 on [his] neighborhood or town, [his] financial goals, and [his] level of comfort." Trump
5 University also promised that this mentor would teach and show students step-by-step how to
6 invest in real estate, including locating properties, negotiating with sellers and buyers, walking
7 through properties to assess their potential, running the numbers, writing offers, and actually
8 structuring the deal, including smart exit strategies.

9 117. **Mentorship** – Brown maxed out two credit cards to pay for the course to pay
10 for the \$25,000 Elite program on or about September 26, 2009, as Trump University
11 representatives pressured him to. On or about October 20, 2009, Brown talked to Trump
12 University's Jason Schauer about his concerns that he would actually get what he was
13 promised, and whether it was prudent to pay for this program based on his financial situation,
14 and Schauer reassured him. Brown talked to Schauer again on October 29, 2009, and told
15 them he was concerned that after his three-day mentorship he would be left to fend for himself,
16 and that paying for the program on his credit cards would financially max him out, and he
17 would not have any money left to invest in real estate. Again, Trump University persuaded
18 him to go forward with the program and assured Brown that he would receive a full-year of
19 one-on-one mentoring in real estate investing.

20 118. For his \$25,000, Brown did not receive a seminar, only mentoring. Brown had
21 several phone conversations with his mentor, Steve Gilpin, but they were not useful or helpful.
22 Brown's mentor did not relay or offer information, or teach Brown anything. The mentor
23 merely asked Brown if he had questions. On or about December 17, 2009, Brown called
24 Trump University to complain, stating that he was frustrated with the mentoring he was
25 receiving and that his mentor did not have time for him because of all of the other students he
26 was mentoring.

27 119. Trump University told Brown and the other students that the mentors would
28 come to their home town, but Brown's mentor did not come to New York. Instead, his mentor

1 told Brown to come to Philadelphia. Gilpin claimed Philadelphia was a “hot market,” even
2 though Gilpin was not very familiar with the Philadelphia market. So, Brown met his mentor
3 in Philadelphia, and looked at some houses in or about November 2009.

4 120. **No-money down** – Trump University promised to teach Brown and other
5 students how to buy houses with “no money down” or “other people’s money.” However,
6 they failed to provide any meaningful training in this regard.

7 121. **Trump asked Brown to raise his evaluation ratings after-the-fact** – Brown
8 was not satisfied with his mentorship. After the mentorship, his mentor asked him to evaluate
9 the mentorship on a scale of 1 to 5. He rated the mentorship mostly average scores, because
10 the information they provided was basic and mediocre. Thereafter, a Trump University
11 representative called Brown three times, asking Brown to change his average scores (around 3s
12 – “average”) to 5s – “excellent.” Brown believes it was either Diego Guevera or Jason
13 Schauer who contacted him. Brown refused the first two times. Then, tired of the continuing
14 phone calls, Brown finally gave in and agreed that Trump University could change his ratings
15 to 5s. Brown complained of this in a letter to Trump University dated June 11, 2011
16 demanding a refund. The accuracy of Trump University’s purported “98% satisfaction rate” is
17 certainly called into question if Trump University achieved these ratings by harassing and
18 intimidating their students, amongst other things.

19 122. **Refund request** – Brown requested a refund from Trump University, but they
20 refused. Instead, they offered to let him take the course again, but since it was pointless the
21 first time, he did not see any point in taking the course again.

22 123. **Misrepresentations** – Defendants made the following misrepresentations to
23 Brown and other class members:

24 (a) **Mentors and Instructors were not “hand-picked” by Donald Trump**
25 – Defendants promised Brown and other class members that if they purchased the Trump
26 University seminars they would learn from Trump University instructors and mentors that
27 were hand-picked by Donald Trump. This was false, as the instructors and mentors were not
28 hand-picked by Donald Trump.

1 (b) **Mentors and Instructors were not real estate experts** – Defendants
2 represented to Brown and other class members that the Trump University mentors and
3 instructors were all real estate experts, experienced in the real estate investing techniques that
4 they were teaching. This was false. The vast majority of Trump University’s mentors and
5 instructors were not experts in real estate with personal experience in the real estate techniques
6 they were teaching, but instead were professional salespeople, hired because of their ability to
7 deliver high-pressure sales pitches and to close sales.

8 (c) **Donald Trump’s active involvement** – Defendants represented to
9 Brown and other class members that Donald Trump would be actively involved in Trump
10 University. This was not true, as he was not actively involved.

11 (d) **Trump University did not teach students Donald Trump’s investing**
12 **secrets** – Defendants promised Brown and other class members that they would learn Donald
13 Trump’s investing secrets or real estate techniques, or learn the “Trump way” to real estate
14 investment. This was not true, as the Trump University instructors and mentors did not teach
15 students Donald Trump’s investing secrets or real estate techniques. Defendants also promised
16 Brown and other class members that they would teach students how to make money with no-
17 money down, but they did not provide Brown or other students with reasonable, realistic
18 approaches to do so.

19 (e) **Raising credit card limits** – During the \$1,500 seminar, James Harris
20 asked Brown and other class members to raise their credit card limits so that they would be
21 ready to invest in real estate, but then asked Brown and the other students to use their credit
22 cards, not to purchase property, but to “invest” in the next level of Trump seminars – the Elite
23 program. Brown attempted to raise his credit card limits, but was unable to do so, so instead
24 purchased the \$25,000 Elite seminar, rather than the \$35,000 seminar.

25 (f) **Guaranteed to make money back** – Defendants told Brown that if he
26 signed up for the Trump University Elite program for \$25,000, he was guaranteed to make his
27 money back within the first one or two deals, which would pay for the entire course. He did
28 not; in fact, three years later he is still paying back the purchase price on his credit card.

CLASS ALLEGATIONS

124. Plaintiffs bring this class action on behalf of themselves individually and all others similarly situated, pursuant to Rule 23(b)(2) and (b)(3) of the Federal Rules of Civil Procedure.

125. The proposed Class consists of all persons who purchased Seminars from Trump University throughout the United States from April 30, 2006 to the present. Excluded from the Class are Trump University, its affiliates, employees, officers and directors, persons or entities that distribute or sell Trump University products or programs, the Judge(s) assigned to this case, and the attorneys of record in this case. Plaintiffs reserve the right to amend the Class definition if discovery and further investigation reveal that the Class should be expanded or otherwise modified.

126. This action is properly brought as a class action for the following reasons:

(a) the proposed Class is so numerous and geographically dispersed throughout the United States that the joinder of all class members is impracticable. While Plaintiffs do not know the exact number and identity of all Class Members, Plaintiffs are informed and believe that there are thousands, if not tens or even hundreds of thousands of Class Members. The precise number of Class Members can be ascertained through discovery;

(b) the disposition of Plaintiffs' and proposed Class Members' claims in a class action will provide substantial benefits to both the parties and the Court;

(c) the proposed Class is ascertainable and there is a well-defined community of interest in the questions of law or fact alleged herein since the rights of each proposed Class member were infringed or violated in the same fashion;

(d) there are questions of law and fact common to the proposed class which predominate over any questions that may affect particular Class Members. Such common questions of law and fact include, but are not limited to:

i. Whether Defendants' conduct was unlawful, unfair or fraudulent;

ii. Whether Defendants' advertising is likely to deceive the public;

- 1 iii. Whether Defendants' conduct was false, misleading or likely to
- 2 deceive;
- 3 iv. Whether Defendants violated California's Unfair Competition
- 4 Law, Cal. Bus. & Prof. Code §17200 ("UCL");
- 5 v. Whether Defendants violated California's Consumers Legal
- 6 Remedies Act, Cal. Civ. Code §1750 ("CLRA");
- 7 vi. Whether Defendants violated California's False Advertising
- 8 Law, Cal. Civ. Code §17500 ("FAL");
- 9 vii. Whether Defendants violated California's Elder Abuse Statute,
- 10 Cal. Welf. & Inst. Code §15600;
- 11 viii. Whether Defendants received funds from Plaintiffs and class
- 12 members that they unjustly received;
- 13 ix. Whether Defendants breached contracts;
- 14 x. Whether Defendants breached the implied covenant of good
- 15 faith and fair dealing;
- 16 xi. Whether Defendants violated §349 of New York's General
- 17 Business Law;
- 18 xii. Whether Defendants violated the Florida Deceptive and Unfair
- 19 Trade Practices Act, Fla. Stat. §501.201, *et seq.*;
- 20 xiii. Whether Defendants violated the Florida Misleading Advertising
- 21 Law, Fla. Stat. §817.41;
- 22 xiv. Whether Defendants are liable for intentional and/or negligent
- 23 misrepresentations;
- 24 xv. Whether Defendants are liable for making false promises;
- 25 xvi. Whether Plaintiffs and Class Members have been harmed and
- 26 the proper measure of relief;
- 27 xvii. Whether Plaintiffs and Class Members are entitled to an award
- 28 of punitive damages, attorneys' fees and expenses against Defendants; and

1 xviii. Whether, as a result of Defendants' misconduct, Plaintiffs and
2 Class Members are entitled to equitable relief, and if so, the nature of such relief;

3 (e) Plaintiffs' claims are typical of the claims of the members of the
4 proposed Class. Plaintiffs and Class Members have been injured by the same wrongful
5 practices of Defendants. Plaintiffs' claims arise from the same practices and conduct that give
6 rise to the claims of all Class Members and are based on the same legal theories;

7 (f) Plaintiffs will fairly and adequately protect the interests of the Class in
8 that they have no interests antagonistic to those of the other Class Members, and Plaintiffs
9 have retained attorneys experienced in consumer class actions and complex litigation as
10 counsel;

11 (g) A class action is superior to other available methods for the fair and
12 efficient adjudication of this controversy for at least the following reasons:

13 i. Given the size of individual Class member's claims and the
14 expense of litigating those claims, few, if any, Class Members could afford to or would seek
15 legal redress individually for the wrongs Defendants committed against them and absent Class
16 Members have no substantial interest in individually controlling the prosecution of individual
17 actions;

18 ii. This action will promote an orderly and expeditious
19 administration and adjudication of the proposed Class claims, economies of time, effort and
20 resources will be fostered and uniformity of decisions will be insured;

21 iii. Without a class action, Class Members will continue to suffer
22 damages, and Defendant's violations of law will proceed without remedy while Defendants
23 continue to reap and retain the substantial proceeds of their wrongful conduct; and

24 iv. Plaintiffs know of no difficulty that will be encountered in the
25 management of this litigation which would preclude its maintenance as a class action.

26 127. Defendants have, or have access to, address information for the Class Members,
27 which may be used for the purpose of providing notice of the pendency of this class action.
28

1 tendency to mislead the public and making numerous common material misrepresentations
2 with the intent to induce reliance by consumers to purchase Trump University Seminars.
3 Furthermore, Defendants violated §17200 by issuing misrepresentations and untrue statements
4 at the Trump University Seminars and by forging student signatures on seminar contracts
5 when students have forgotten to sign the contracts.

6 135. The foregoing conduct also constitutes “*unfair*” business acts and practices
7 within the meaning of Cal. Bus. & Prof. Code §17200. Defendants’ practices offend public
8 policy and are unethical, oppressive, unscrupulous and violate the laws stated. Defendants’
9 conduct caused and continues to cause substantial injury to Plaintiffs and Class Members. The
10 gravity of Defendants’ alleged wrongful conduct outweighs any purported benefits attributable
11 to such conduct. There were also reasonably available alternatives to Defendants to further
12 their business interests.

13 136. Plaintiffs and Class Members have suffered injury in fact and have lost money
14 and/or property as a result of Defendants’ unlawful, fraudulent and unfair business practices
15 and are therefore entitled to the relief available under Cal. Bus. & Prof. Code §17200, *et seq.*

16 SECOND CAUSE OF ACTION

17 (Violations of the Consumer Legal Remedies Act, 18 California Civil Code §1750 *et seq.*)

19 137. Plaintiffs re-allege and incorporate by reference the allegations contained in the
20 paragraphs above as if fully set forth herein.

21 138. This cause of action arises under the Consumers Legal Remedies Act
22 (“CLRA”), Cal. Civ. Code §1750, *et seq.* Plaintiffs are consumers as defined by Cal. Civ.
23 Code §1761(d). Defendant’s Seminars constitute “services” and/or “products” as defined by
24 Cal. Civ. Code §1761(a) and (b). At all times relevant hereto, Defendants constituted
25 “persons” as that term is defined in Cal. Civ. Code §1761(c), and Plaintiffs’ and Class
26 Members’ purchases of Trump University Seminars constitute “transactions,” as that term is
27 defined in Cal. Civ. Code §1761(e).
28

1 139. Defendants violated and continues to violate the CLRA by engaging in the
2 following deceptive practices specifically proscribed by Cal. Civ. Code §1770(a), in
3 transactions with Plaintiffs and Class Members that were intended to result or which resulted
4 in the sale or lease of goods or services to consumers:

5 (a) In violation of Cal. Civ. Code §1770(a)(5), Defendants' acts and
6 practices constitute misrepresentations that the Seminars in question have characteristics;
7 benefits or uses which they do not have;

8 (b) In violation of Cal. Civ. Code §1770(a)(7), Defendants misrepresented
9 that the Seminars are of particular standard, quality and/or grade, when they are of another;
10 and

11 (c) In violation of Cal. Civ. Code §1770(a)(9), Defendant advertised the
12 Seminars with the intent not to sell them as advertised or represented.

13 140. Defendants' uniform representations as set forth more fully elsewhere in this
14 Complaint were false, deceptive, and/or misleading and in violation of the CLRA.

15 141. Pursuant to Cal. Civ. Code §1782, Plaintiffs notified Trump University in
16 writing by certified mail of the particular violations of Cal. Civ. Code §1770 alleged herein,
17 and have demanded that Trump University rectify the problems associated with the actions
18 detailed above and give notice to all affected consumers of its intent to so act. Plaintiffs sent
19 this notice by certified mail, return receipt requested, to Trump University's principal place of
20 business. Plaintiffs are notifying Defendant Donald Trump of same.

21 142. Defendants have failed to rectify or agree to rectify the problems associated
22 with the actions detailed above and give notice to all affected consumers within 30 days after
23 receipt of the Civil Code §1782 notice, thus Plaintiffs seek actual damages and punitive
24 damages for violation of the Act.

25 143. In addition, pursuant to Civil Code §1780(a)(2), Plaintiffs are entitled to, and
26 therefore seek, a Court order enjoining the above-described wrongful acts and practices that
27 violate Cal. Civ. Code §1770.
28

1 144. Plaintiffs and the Class are also entitled to recover attorneys' fees, costs,
2 expenses and disbursements pursuant to Cal. Civ. Code §§1780 and 1781.

3 **THIRD CAUSE OF ACTION**

4 **(Untrue and Misleading Advertising in Violation of**
5 **Cal. Bus. & Prof. Code §17500 *et seq.*)**

6 145. Plaintiffs re-allege and incorporate by reference the allegations contained in the
7 paragraphs above as if fully set forth herein.

8 146. California Business & Professions Code §17500 prohibits various deceptive
9 practices in connection with the dissemination in any manner of representations which are
10 likely to deceive members of the public to purchase products and services such as the Trump
11 University Seminars.

12 147. Defendants disseminated, through common advertising, untrue statements about
13 Trump University and its Seminars and Defendants knew or should have known that the
14 Seminars did not conform to the advertisements or representations regarding the Seminars.
15 Defendants intended Plaintiffs and the Class upon the advertisements and numerous material
16 misrepresentations as set forth more fully elsewhere in the Complaint. Plaintiffs and the Class
17 relied upon the advertisements and misrepresentations to their detriment.

18 148. As a result of the foregoing, Plaintiffs, and the Class Members, are entitled to
19 injunctive and equitable relief and damages in an amount to be proven at trial.

20 **FOURTH CAUSE OF ACTION**

21 **(Breach of Contract against Trump University)**

22 149. Plaintiffs re-allege and incorporates by reference the allegations contained in
23 the paragraphs above as if fully set forth herein.

24 150. Contracts exist between Plaintiffs, Class Members and Trump University.
25 Plaintiffs and Class Members entered into agreements with Trump University for a three-day
26 seminar for which they paid approximately \$1,495. Plaintiff Makaeff and some Class
27 Members also entered into an agreement with Trump University for the Trump Gold Program
28 for which they paid about \$34,995, plus the variable APR finances charges, interest fees, and

1 late fees they had to pay to their credit card companies. Attached hereto as Exhibit A is a true
2 and correct copy of a contract for the Trump Gold Program.

3 151. Under Plaintiffs' and each Class member's contracts, Plaintiffs and the Class
4 Members were only required to pay the amount of the seminar in each Class member's
5 contract.

6 152. All conditions precedent under the contracts have been performed by Plaintiffs
7 and the Class, including the payment amount of the Seminars.

8 153. Trump University breached the terms of its standardized contracts with
9 Plaintiffs and the Class by failing to provide them with the promised products and services as
10 contracted.

11 154. As a result of Trump University's breach of its contracts, Plaintiffs and the
12 Class have been damaged in an amount to be determined at trial.

13 **FIFTH CAUSE OF ACTION**

14 **(Breach of the Implied Covenant of Good Faith and**
15 **Fair Dealing against Trump University)**

16 155. Plaintiffs re-allege and incorporate by reference the allegations contained in the
17 paragraphs above as if fully set forth herein.

18 156. The law implies a covenant of good faith and fair dealing in every contract.

19 157. Trump University violated this covenant of good faith and fair dealing in its
20 contract with Plaintiffs and members of the Class by, *inter alia*, misrepresenting to Plaintiffs
21 and the Class the true nature of the Seminars as alleged more fully elsewhere in the Complaint.

22 158. Plaintiffs and the Class Members performed all, or substantially all, of the
23 significant duties required under their agreements with Defendant.

24 159. The conditions required for Trump University's performance under the contract
25 agreements had occurred.

26 160. Trump University did not provide and/or unfairly interfered with the right of
27 Plaintiffs and class members to receive the benefits under their agreements with Trump
28 University.

1 161. Plaintiffs and the Class have been damaged by Trump University's breach of
2 the implied covenant of good faith and fair dealing in an amount to be proven at trial.

3 **SIXTH CAUSE OF ACTION**

4 **(Money Had and Received)**

5 162. Plaintiffs re-allege and incorporate by reference the allegations contained in the
6 paragraphs above as if fully set forth herein.

7 163. Defendants improperly received and continue to improperly receive from
8 Plaintiffs and Class Members millions of dollars as a result of the conduct alleged above.

9 164. As a result, Plaintiffs and the Class have conferred a benefit on Defendants to
10 which Defendants are not entitled. Defendants have knowledge of this benefit, wrongfully and
11 deceptively obtained this benefit, and have voluntarily accepted and retained the benefit
12 conferred on them. Defendants will be unjustly enriched if they are allowed to retain such
13 funds and, therefore, a constructive trust should be imposed on all monies wrongfully obtained
14 by Defendants and the money should be disgorged from Defendants, and returned to Plaintiffs
15 and Class Members.

16 **SEVENTH CAUSE OF ACTION**

17 **(Negligent Misrepresentation)**

18 165. Plaintiffs re-allege and incorporate by reference the allegations contained in the
19 paragraphs above as if fully set forth herein.

20 **Standardized Promises and Misrepresentations**

21 166. Defendants' sales tactics are based on standardized representations in written
22 materials and scripted sales pitches by instructors (professional salespersons paid on
23 commission). Speakers are required to use the same PowerPoint presentation, same script, and
24 same guidelines when giving Seminars. Former employees confirmed every presentation is
25 virtually identical, regardless of presenter. Each aspect of the Seminars were scripted down to
26 where speakers and coordinators stood, the temperature of the room (no more than 68 degrees)
27 and music to be played in the Introduction – "Money, Money, Money" from Donald Trump's
28 "The Apprentice" show. Additionally, when Plaintiffs and Class Members made calls to or

1 from Trump University, they spoke with a member of the Trump sales team, each of whom
2 had a five to six page sales script, which they were required to follow word-for-word.
3 Defendants made numerous standardized misrepresentations and omissions including:

4 **Misrepresentations About the**
5 **Year-Long Mentoring Program**

6 167. Through written materials and uniform presentations at the free introductory
7 Seminars, Trump University represents that consumers will receive a year-long
8 “apprenticeship” program if they purchase the \$1,995 program (perpetually on sale for “one-
9 day only” at Seminars for \$1,495). With the aid of a Power point presentation, the speakers
10 inform consumers that they will receive “12 months of training” and “one full year of expert,
11 interactive support.” Trump University speakers represent: “Other people don’t have anyone
12 to call, but you’ve got Trump. You’ll call 40 Wall Street [Trump University], and they’ll walk
13 you through it.” Defendants promised Plaintiffs and Class Members a one-year mentorship
14 with all the access and contracts they needed; that any time Plaintiffs and Class Members had a
15 question, they could just call and Trump University would walk them through the issue; that
16 Trump University would give them step-by-step training “by the numbers” on how to make
17 money. When Plaintiffs and Class Members did not get this promised information at the
18 Seminars, Defendants promised that it was still coming – they could get it from their mentors,
19 from Trump University instructors, or another program. However, Defendants never intended
20 to, and did not, perform on this promise. These misrepresentations were made to Plaintiffs at
21 Trump University Seminars as follows: Tarla Makaef on or about August 2008; Brandon
22 Keller on or about November 18, 2009, and December 6-8, 2009; Ed Oberkrom on or about
23 March 2009; Sonny Low on or about November 18, 2009 and December 6, 2009; J.R. Everett
24 on or about October 7, and October 16-18, 2009; and John Brown on or about on or about
25 September 14, and September 25-27 2009.

26 **Misrepresentations About Number of Sessions**
27 **Provided in One-Year of “Unlimited” Mentoring**

28 168. Defendants represented to Plaintiffs and Class Members who purchased the
Trump University “Elite” seminar for \$25,000 - \$35,000, that they would receive *unlimited*

1 *mentoring for an entire year.* This misrepresentation was made to Plaintiffs at Seminars as
2 follows: Tarla Makaeff on or about August 2008; Brandon Keller on or about November 18,
3 2009, and December 6-8, 2009; and Ed Oberkrom on or about March 2009; Sonny Low on or
4 about November 18, 2009 and December 6, 2009; J.R. Everett on or about October 7, and
5 October 16-18, 2009; and John Brown on or about on or about September 14, and September
6 25-27 2009. These representations were false. In fact, mentors were not paid for more than
7 six one-hour mentoring sessions per consumer. Mentors were instructed to evade phone calls
8 and emails from Plaintiffs and Class Members and provide evasive, unhelpful responses when
9 they did speak to students to discourage the students from continuing to call. This plan
10 generally worked – Plaintiffs and Class Members became frustrated and dissatisfied by the
11 mentor’s advice, which most Plaintiffs and Class Members describe as “worthless.” However,
12 when one Trump University student became frustrated by the lack of any value or information
13 the mentor was providing and asked to meet twice per week, rather than once, the mentor
14 eventually admitted that the “one year” of mentoring/consulting promised was really only *six*
15 *one-hour coaching sessions.* The consumers were understandably outraged. They never
16 would have paid \$35,000 for six one-hour sessions. Indeed, Trump University Corporate
17 admitted to Plaintiffs and Class Members that only six sessions would be provided should
18 have been disclosed.

19 **Misrepresentations About Three-Day Field Mentorship**

20 169. Defendants also represented in standardized materials that if Plaintiffs and
21 Class Members purchased the \$25,000 or \$35,000 Gold Elite program, they would receive a “3
22 Day Field Mentorship” worth \$25,000. For the \$25,000 value, students were promised an
23 exclusive three days with a “power team” of highly-accomplished experts in the real estate
24 industry to become their personal partners and teach them insider tips for investing in real
25 estate, including how to use the contracts essential to the real estate transactions mentioned at
26 the Seminars. Plaintiffs and the Class were told that they would receive priceless insight and
27 information from these mentors who were experts in the real estate industry, who would
28 personally teach them what they would need to know. These misrepresentations were made to

1 Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about August 2008;
2 Brandon Keller on or about November 18, 2009, and December 6-8, 2009; and Ed Oberkrom
3 on or about March 2009; Sonny Low on or about November 18, 2009 and December 6, 2009;
4 J.R. Everett on or about October 7, and October 16-18, 2009; and John Brown on or about on
5 or about September 14, and September 25-27 2009. Instead, the "mentorship" consisted
6 merely of two days looking at real estate properties with no unique insight or guidance, a half
7 day at a local Home Depot and lunch, and an hour of discussing numbers. Mentors spent little
8 to no time discussing the contracts essential to the real estate transactions mentioned in the
9 seminar. Thereafter, the mentors typically quickly disappeared, in complete contradiction to
10 what was promised: an ongoing mentor who would personally assist the student for an entire
11 year.

12 **Misrepresentations About Instructors and Mentors**

13 170. Defendants uniformly represented through Seminars and written materials that
14 its seminar instructors and mentors were experienced in real estate. These misrepresentations
15 were made to Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about
16 August 2008; Brandon Keller on or about November 18, 2009, and December 6-8, 2009; Ed
17 Oberkrom on or about March 2009; Sonny Low on or about November 18, 2009 and
18 December 6, 2009; J.R. Everett on or about October 7, and 16-18, 2009; and John Brown on or
19 about September 14, and 25-27 2009. However, Trump University instructors and mentors
20 had little to no personal experience, and most had not engaged in the vast majority of the real
21 estate techniques purportedly taught. In fact, the instructors and mentors were predominantly
22 salespeople, hired for their ability to deliver a hard-sell presentation, and paid exclusively on
23 commission based on the percentage of sales delivered. Trump University's best "speakers"
24 earn commissions of \$30,000 or more per month for sales of products and Seminars.

25 171. Further, Defendants promised in written materials at free and paid Seminars
26 that instructors and mentors were "hand-picked by Trump." These misrepresentations were
27 made to Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about August
28 2008; Brandon Keller on or about November 18, 2009, and December 6-8, 2009; Ed

1 Oberkrom on or about March 2009; Sonny Low on or about November 18, 2009 and
2 December 6, 2009; J.R. Everett on or about October 7, and October 16-18, 2009; and John
3 Brown on or about on or about September 14, and September 25-27 2009. These
4 misrepresentations were critical because Trump University was sold on promises that
5 consumers would "Learn from the Master [Donald] Trump," it was "the next best thing to
6 being his [Donald Trump's] Apprentice," and they would learn "Insider success secrets from
7 Donald Trump." However, Plaintiffs and Class Members received nothing of the sort. Trump
8 did not hand-pick the instructors and mentors.

9 **Misrepresentations About Prior Student Experiences**

10 172. Defendants enhance, misrepresent and in certain instances, completely fabricate
11 student testimonials to get consumers to sign up. In addition, testimonials often claim a person
12 made a certain amount of money without taking into account their expenses. Indeed, when
13 expenses and costs are taken into account, many of these "success stories" actually lost money.
14 These misleading testimonials were presented to Plaintiffs at Trump University Seminars as
15 follows: Tarla Makaeff on or about August 2008; Brandon Keller on or about November 18,
16 2009, and December 6-8, 2009; Ed Oberkrom on or about March 2009; Sonny Low on or
17 about November 18, 2009 and December 6, 2009; J.R. Everett on or about October 7, and
18 October 16-18, 2009; and John Brown on or about on or about September 14, and September
19 25-27 2009. Plaintiffs relied on these 'trumped up' success stories in signing up for Trump
20 University. Many of these testimonials also were illegal and/or improper in that they violated
21 FTC regulations and/or requirements.

22 **Misrepresentations About the Real Estate Training Provided**

23 173. Trump University represents to consumers that they will "teach you what you
24 need to know" to be successful in real estate. These misrepresentations were made to
25 Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about August 2008;
26 Brandon Keller on or about November 18, 2009, and December 6-8, 2009; Ed Oberkrom on or
27 about March 2009; Sonny Low on or about November 18, 2009 and December 6, 2009; J.R.
28 Everett on or about October 7, and October 16-18, 2009; and John Brown on or about on or

1 about September 14, and September 25-27 2009. However, it not only failed to provide the
2 detailed information that Plaintiffs and Class Members needed to know concerning real estate
3 contracts and numbers, but it affirmatively led them astray by teaching them to use tactics that
4 are illegal in California and other states. For example, instructors told attendees to post
5 "bandit signs" to generate business. These are signs posted on the side of the roadway,
6 intended to mimic black and yellow road warning and signs and say "WE BUY HOUSES,
7 619-222-2222." Trump University fails to inform Plaintiffs and Class Members these signs
8 are illegal and can result in fines, criminal charges, and six months in jail. These
9 misrepresentations regarding bandit signs were made to Plaintiff Makaeff on or about August
10 2008 and Ed Oberkrom on or about March 2009. Trump University also encourages Plaintiffs
11 and Class Members to engage in transactions that would require a real estate license – conduct
12 that is also illegal in California and other states. These representations regarding engaging in
13 practices that require a real estate license were made to Plaintiffs at Trump University
14 Seminars as follows: Tarla Makaeff on or about August 2008; Brandon Keller on or about
15 November 18, 2009, and December 6-8, 2009.

16 **Misrepresentations that Students Would**
17 **Make Their Money Back in First Deal**

18 174. Defendants routinely told potential students that, although the Seminars were
19 expensive, they should take the leap and just charge it on the credit card because they would
20 quickly make all their money back in their first real estate deal, and could make up to tens of
21 thousands of dollars per month or more after that. These misrepresentations were made to
22 Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about August 2008;
23 Brandon Keller on or about November 18, 2009, and December 6-8, 2009; Ed Oberkrom on or
24 about March 2009; Sonny Low on or about November 18, 2009 and December 6, 2009; J.R.
25 Everett on or about October 7, and October 16-18, 2009; and John Brown on or about on or
26 about September 14, and September 25-27 2009. In fact, Defendants knew that it was
27 extremely unlikely, and extremely rare that Plaintiffs and Class Members would quickly make
28 back the price they paid for the Seminars.

**Misrepresentations that Consumers Should
Raise Their Credit Card Limits During the
Seminar to Be Ready for Real Estate Transactions**

175. Trump University representatives routinely told students on the second day of the three-day \$1,500 seminar to raise their credit card limits four times during the break for “real estate transactions,” and had students prepare detailed financial statements, presumably for real estate purchases. These misrepresentations were made to Plaintiffs at Trump University Seminars as follows: Tarla Makaeff on or about August 2008; Brandon Keller on or about November 18, 2009, and December 6-8, 2009; Ed Oberkrom on or about March 2009; Sonny Low on or about November 18, 2009 and December 6, 2009; J.R. Everett on or about October 7, and October 16-18, 2009; and John Brown on or about on or about September 14, and September 25-27 2009. In fact, Defendants’ real reason for this was to assess how much money each student had to spend on the next Trump University seminar, and to persuade the students to use their increased credit limit to purchase the Trump University Gold Program for \$34,995.

176. Defendants’ misrepresentations were supplied for the purpose of affecting Plaintiffs’ and Class Members’ financial decisions.

177. Defendants had no reasonable grounds for believing that their misrepresentations were true.

178. Defendants failed to exercise reasonable care and/or diligence in communicating their misrepresentations.

179. Defendants’ misrepresentations were objectively material to the reasonable consumer, and therefore reliance upon such representations may be presumed as a matter of law.

180. Defendants intended that Plaintiffs and members of the Class would rely on its misrepresentations.

181. Plaintiffs and Class Members reasonably and justifiably relied to their detriment on Defendants’ misrepresentations.

1 each student had to spend on the next Trump University seminar, and to persuade the students
2 to use their increased credit limit to purchase the Trump University Gold Program for \$34,995.

3 188. Defendants falsified and at times completely fabricated testimonials of students
4 and posted testimonials that were in violation of FTC regulations and guidelines.

5 189. Defendants intended that Plaintiffs and Class Members rely on the
6 representations.

7 190. Plaintiffs and Class Members reasonably and justifiably relied to their
8 detriment on Defendants' misrepresentations.

9 191. As a proximate result of Defendants' misrepresentations, Plaintiffs and Class
10 Members were damaged in an amount to be proven at trial.

11 192. Plaintiffs and Class Members' reliance on Defendants' representations were a
12 substantial factor in causing their harm.

13 NINTH CAUSE OF ACTION

14 (False Promise)

15 193. Plaintiffs re-allege and incorporate by reference the allegations contained in the
16 paragraphs above as if fully set forth herein.

17 194. As alleged herein, Defendants made a number of promises to Plaintiffs and
18 Class Members, which were important to Plaintiffs and Class Members' decision to purchase
19 Trump University's Seminars.

20 195. Defendants did not intend to perform these promises when they made them.

21 196. Defendants intended that Plaintiffs and Class Members rely on these promises
22 and Plaintiffs and the Class did reasonably rely on Defendants' promises.

23 197. Defendants did not perform any of the promised acts.

24 198. As a proximate result of Defendants' failure to act on its promises, Plaintiffs
25 and Class Members were damaged in an amount to be proven at trial.

26 199. Plaintiffs and Class Members' reliance on Defendants' promises were a
27 substantial factor in causing their harm.

28

TENTH CAUSE OF ACTION

**(Deceptive Acts and Practices in Violation of §349 of New York's
General Business Law)**

200. Plaintiffs reallege and incorporate by reference the allegations contained in the paragraphs above as if fully set forth herein.

201. Plaintiff John Brown is a resident of New York who purchased and attended Trump University Seminars in New York.

202. Defendants' acts and practices as detailed herein constitute unlawful, unfair, deceptive and fraudulent business practices in violation of §349 of New York's General Business Law ("GBL").

203. Defendants' misleading and deceptive business practices adversely impacted Plaintiffs and Class Members who purchased Seminars in New York, and therefore constitutes consumer-oriented conduct under GBL §349, which resulted in a direct harm to Plaintiffs and the Class.

204. Plaintiff John Brown, on behalf of himself and Class Members who attended Trump University Seminars in New York, seeks injunctive relief and damages under §349 of New York's General Business Law.

ELEVENTH CAUSE OF ACTION

(Financial Elder Abuse in Violation of Cal. Welf. & Inst. Code §15600, *et seq.*)

205. Plaintiffs re-allege and incorporate by reference the allegations contained in the paragraphs above as if fully set forth herein.

206. Plaintiff Sonny Low is a 71-year old resident of California who attended Trump University Seminars in California.

207. California Welfare and Institutions Code §15610.30(a) provides in relevant part:

1 (a) "Financial abuse" of an elder or dependent adult occurs when a
2 person or entity does any of the following:

3 (1) Takes, secretes, appropriates, or retains real or personal
4 property of an elder or dependent adult to a wrongful use or with intent
5 to defraud, or both.

6 (2) Assists in taking, secreting, appropriating, or retaining
7 real or personal property of an elder or dependent adult to a wrongful
8 use or with intent to defraud, or both.

9 208. Defendants' conduct constitutes financial abuse under Cal. Welf. & Inst. Code
10 §15657.5, *et seq.*, as defined in Cal. Welf. & Inst. Code §15610.30.

11 209. At all relevant times, Defendants took and/or assisted in the taking of property
12 from Plaintiff Low and all California Class Members who are aged 65 or older for its own
13 wrongful use and/or with intent to defraud. Plaintiff Low and California Class Members aged
14 65 or older trusted and relied on Defendants.

15 210. Defendants manipulated Plaintiff Low and California Class Members aged 65
16 or older into purchasing Trump University Seminars.

17 211. Defendants' wrongful acts were done maliciously, oppressively, and with the
18 intent to mislead or defraud, thereby warranting punitive and exemplary damages or
19 appropriate in an amount to be ascertained according to proof pursuant to Cal. Civ. Code
20 §3294, *et seq.*

21 212. Under Cal. Welf. & Inst. Code §15657.5, *et seq.*, Defendants are liable for
22 reasonable attorneys' fees and costs for investigating and litigating this claim.

23 213. Under Cal. Civ. Code §3345, Defendants are liable for treble damages and
24 penalties because: (a) Defendants knew or should have known their conduct was directed to a
25 senior citizen; (b) Defendants' conduct caused a senior citizen to suffer substantial loss of
26 property set aside for retirement, and assets essential to their health and welfare; (c) Plaintiff
27 Low and California Class Members aged 65 or older are senior citizens who are more
28 vulnerable than others to Defendants' conduct because of their age, impaired understanding,
impaired health or restricted mobility; and (d) Plaintiff Low and California Class Members

1 aged 65 or older actually suffered substantial physical, emotional and economic damages
2 resulting from Defendants' conduct.

3 **TWELFTH CAUSE OF ACTION**

4 **(Violations of The Florida Deceptive and Unfair Trade Practices Act,** 5 **Fla. Stat. §501.201, et seq.)**

6 214. Plaintiffs re-allege and incorporate by reference the allegations contained in the
7 paragraphs above as if fully set forth herein.

8 215. Plaintiff J.R. Everett is a 68-year old and a "senior citizen" under Fla. Stat.
9 §501.2077(a), which defines "senior citizens" as persons 60 years of age or older. Everett is a
10 resident of Florida and attended Trump University Seminars in Florida.

11 216. This cause of action arises under the Florida Deceptive and Unfair Trade
12 Practices Act (the "FDUTPA"), Fla. Stat. §501.204(1). Under the FDUTPA, it is unlawful to
13 engage in "[u]nfair methods of competition, unconscionable acts or practices, and unfair or
14 deceptive acts or practices in the conduct of any trade or commerce are hereby declared
15 unlawful." Fla. Stat. §501.204(1). The FDUTPA does not define the elements of "unfair or
16 deceptive," but in construing the act, "due consideration and great weight shall be given to the
17 interpretations of the Federal Trade Commission and the federal courts relating to [the FTCA
18 (15 U.S.C. §45(a)(1))]." Fla. Stat. §501.204(2).

19 217. Plaintiff Everett and other Class Members are consumers as defined under the
20 FDUTPA. Fla. Stat. §501.203(7).

21 218. "Trade or commerce" means "the advertising, soliciting, providing, offering, or
22 distributing, whether by sale, rental, or otherwise, of any good or service, or any property,
23 whether tangible or intangible, or any other article, commodity, or thing of value, wherever
24 situated," and "shall include the conduct of any trade or commerce, however denominated,
25 including any nonprofit or not-for-profit person or activity." Fla. Stat. §501.203(8).

26 219. Defendants violated the FDUTPA by making material misrepresentations
27 regarding Trump University and its seminars as set forth more fully above. Defendants
28 disseminated, through its seminars, advertising and marketing, common, untrue statements

1 about Trump University and its Seminars that have a tendency to mislead the public, and made
 2 common material misrepresentations with the intent to induce reliance by consumers to
 3 purchase Trump University Seminars. Defendants' practices are unfair because they offend
 4 established public policy and are unethical, oppressive, unscrupulous and/or substantially
 5 injurious to consumers.

6 220. Defendants' conduct set forth herein caused Plaintiff Everett and other Class
 7 Members to suffer substantial injury. The gravity of Defendants' alleged wrongful conduct
 8 outweighs any purported benefits attributable to such conduct. There were also reasonably
 9 available alternatives to Defendants to further their business interests.

10 221. Because Plaintiff Everett and Class Members have suffered injury in fact and
 11 have lost money and/or property as a result of Defendants' violations of the FDUTPA, they are
 12 entitled to damages. Fla. Stat. §501.211.

13 222. Plaintiffs and Class Members are also entitled to recover attorneys' fees, costs
 14 and expenses pursuant to Fla. Stat. §501.2105(1).

15 223. Defendants willfully used a method, act or practice in violation of the
 16 FDUTPA, which method, act or practice victimized or attempted to victimize senior citizens.
 17 Defendants committed such violation knowing that their conduct was unfair or deceptive, and
 18 are therefore liable for civil penalties in the amount of \$15,000 for each such violation
 19 pursuant to Fla. Stat. §501.2077(2).

20 **THIRTEENTH CAUSE OF ACTION**

21 **(Violations of The Florida Misleading Advertising Law, Fla. Stat. §817.41)**

22 224. Plaintiffs re-allege and incorporate by reference the allegations contained in the
 23 paragraphs above as if fully set forth herein.

24 225. Plaintiff Everett is a resident of Florida and attended Trump University
 25 Seminars in Florida.

26 226. This cause of action arises under Florida's Misleading Advertising Law, Fla.
 27 Stat. §817.41. This Act provides that it "shall be unlawful for any person to make or
 28 disseminate or cause to be made or disseminated before the general public of the state . . . any

1 misleading advertisement. Such making or dissemination of misleading advertising shall
2 constitute and is hereby declared to be fraudulent and unlawful, designed and intended for
3 obtaining money or property under false pretenses.” Fla. Stat. §817.41(1).

4 227. Defendants violated the Misleading Advertising Law by making material
5 misrepresentations regarding Trump University and its Seminars as set forth more fully above.
6 Defendants disseminated, through its seminars, advertising and marketing, common, untrue
7 statements about Trump University and its Seminars that have a tendency to mislead the
8 public, and made common material misrepresentations with the intent to induce reliance by
9 consumers to purchase Trump University Seminars.

10 228. Defendants’ conduct set forth in this Complaint caused Plaintiff Everett and
11 other Class Members to suffer substantial injury. Because Plaintiff Everett and Class
12 Members have suffered injury in fact and have lost money and/or property as a result of
13 Defendants’ misleading advertising, they are entitled to damages. Fla. Stat. §817.41(6).

14 229. Plaintiff Everett and other Class Members are also entitled to recover “costs,
15 including reasonable attorney’s fees, and may be awarded punitive damages in addition to
16 actual damages proven.” Fla. Stat. §817.41(6).

17 **FOURTEENTH CAUSE OF ACTION**

18 **(Unjust Enrichment)**

19 230. Plaintiffs re-allege and incorporate by reference the allegations contained in the
20 paragraphs above as if fully set forth herein.

21 231. A party cannot induce, accept or encourage another to furnish or render
22 something of value to such party and avoid payment for the value received.

23 232. As a result of the conduct describe above, Defendants have been, and will
24 continue to be, unjustly enriched at the expense of Plaintiffs and the Class.

25 233. Defendants have received, and are holding, funds belonging to Plaintiffs and
26 the Class which in equity Defendants should not be permitted to keep but should be required to
27 refund to Plaintiffs and the Members of the Class.

28

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray this Court enter a judgment against Defendants that:

A. This action be certified and maintained as a class action under Rule 23(b)(2) and (b)(3) of the Federal Rules of Civil Procedure and certify the proposed Class as defined, appointing Plaintiffs as representatives of the Class, and appointing the attorneys and law firms representing Plaintiffs as counsel for the Class;

B. Awards compensatory, statutory and/or punitive damages for Defendants' breach of contract, breach of the implied covenant of good faith and fair dealing, fraud, negligent misrepresentation and false promises, where such relief is permitted;

C. Awards Plaintiffs and Class Members the costs of this action, including reasonable attorneys' fees and expenses;

D. Orders Defendants to immediately cease their wrongful conduct as set forth above; enjoins Defendants from continuing to falsely market and advertise, conceal material information, and conduct business via the unlawful and unfair business acts and practices complained of herein; orders Defendants to engage in a corrective notice campaign, and requires Defendants to refund to Plaintiffs and all Class Members the funds paid for the subject Seminars;

E. Awards equitable monetary relief, including restitution and disgorgement of all ill-gotten gains, and the imposition of a constructive trust upon, or otherwise restricting the proceeds of Defendant's ill-gotten gains, to ensure that Plaintiffs and Class Members have an effective remedy;

F. Awards pre-judgment and post-judgment interest at the legal rate; and

G. Such further legal and equitable relief as this Court may deem just and proper.

JURY DEMAND

Plaintiffs demand a trial by jury on all issues so triable.

DATED: September 26, 2012

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HELEN I. ZELDES
ALREEN HAEGGQUIST
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Attorneys for Plaintiffs and the Proposed Class

CERTIFICATE OF SERVICE

I hereby certify that on September 26, 2012, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such filing to the e-mail addresses denoted on the Electronic Mail Notice List.

I certify under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on September 26, 2011.

/s/ Amber L. Eck

AMBER L. ECK

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Exhibit 11

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14 Attorneys for Plaintiff and Proposed Class

15 UNITED STATES DISTRICT COURT

16 SOUTHERN DISTRICT OF CALIFORNIA

17 ART COHEN, Individually and on
18 Behalf of All Others Similarly Situated,

19 Plaintiff,

20 vs.

21 DONALD J. TRUMP,

22 Defendant.

Case No. '13CV2519 DMS RBB

CLASS ACTION

COMPLAINT FOR VIOLATIONS OF
18 U.S.C. §1962(c)

1 Plaintiff Art Cohen ("Plaintiff"), by and through his attorneys, brings this action
 2 on behalf of himself and all others similarly situated, against Donald J. Trump
 3 ("Defendant" or "Defendant Trump"). Plaintiff alleges the following based upon
 4 information and belief, the investigation of counsel, and personal knowledge as to the
 5 allegations pertaining to him.

6 NATURE OF THE ACTION

7 1. Defendant ensnared Plaintiff and thousands of other student-victims in a
 8 fraudulent scheme nationwide to sell real estate seminars and mentorships ("Live
 9 Events") by trading on the Trump moniker. Defendant uniformly misled Plaintiff and
 10 the Class that they would learn Donald Trump's real estate secrets through him and
 11 his handpicked professors at his elite "University." The misleading nature of the
 12 enterprise is embodied by its very name. That is because, though Defendant promised
 13 "Trump University," he delivered neither Donald Trump nor a University.

14 2. Defendant expressly set out to leverage Donald Trump's fame and
 15 expertise as a real estate mogul by creating "Trump University," which Defendant
 16 marketed as a premier institution of higher learning rivaling Wharton Business
 17 School, and with which Trump was so integrally involved, students would effectively
 18 be learning from him.¹ Defendant marketed Trump University as 'the next best thing
 19 to being Trump's "Apprentice,"' referencing Trump's hit reality television series.

20 3. In a promotional video for Trump University posted on YouTube,
 21 embedded in email blasts, and shown at Trump University Live Events (hereinafter,
 22 the "Main Promotional Video"), Trump himself promised would-be student-victims:

23 We're going to have *professors and adjunct professors* that are
 24 absolutely terrific. Terrific people. Terrific brains. Successful. The
 25 best. We are going to have the best of the best. And, honestly, if you
 26 don't learn from them, *if you don't learn from me*, if you don't learn
 from the people that we're going to be putting forward, and these are all
 people that are *handpicked by me*, then, you're just not gonna make it in

27 ¹ As detailed herein, Trump University changed its name to Trump Entrepreneur
 28 Initiative on June 2, 2010.

1 terms of the world of success. And that's okay, but you're not gonna
2 make it in terms of success.²

3 4. Defendant mass mailed to Plaintiff and the Class a "Special Invitation
4 from Donald J. Trump" to the free introductory Live Event, adorned with the Trump
5 University coat of arms and promising: "*My hand-picked instructors and mentors*
6 *will show you how to use real estate strategies . . .*" The letter continues that with
7 "ongoing support from your own *Team of Trump Experts* – you'll have what you
8 need to succeed!" The letter closes with Donald J. Trump's name, signature, and
9 Trump University's address at 40 Wall Street, 32nd Floor, New York, NY 10005.

10 5. Trump gave himself a prominent, if not exclusive, role in the national
11 advertising campaign for "Trump University." However, Trump did not fulfill the
12 promises he made to student-victims around the country – he did not teach students
13 his coveted real estate investing "secrets" at the Live Events, he did not contribute in
14 any meaningful way to the curriculum for the Live Events, and he did not handpick
15 the Live Event seminar instructors and mentors who "taught" student-victims at 3-day
16 Live Events and Elite mentorship programs – both of which were upsells from the free
17 introductory Live Event called the "Preview."

18 6. Almost immediately after Trump founded Trump University, the New
19 York State Education Department ("NYSED") wrote to Donald Trump on May 27,
20 2005, warning him that using the name "University" was illegal without a license, and
21 asked Trump to stop using the name "Trump University." Instead of complying,
22 Defendant's agents created a fictitious office in Dover, Delaware, and then Defendant
23 continued to brazenly operate illegally out of his 40 Wall Street office in New York,
24 New York for five years. On March 30, 2010, the NYSED wrote to Donald Trump
25 and again advised that use of the title "University" in the name of his corporation was
26 "misleading" and illegal. On June 15, 2010, NYSED wrote to Trump University

27 ² Emphasis is supplied and citations and internal quotation marks omitted here
28 and throughout, unless otherwise noted.

1 directing Defendant to cease any further training until Trump University obtained a
2 license to operate as an institution of higher learning. The NYSED demanded: "*All*
3 *current students should be refunded*" and warned that failure to comply with the law
4 "may result in disciplinary action." Defendant did not give students refunds, but did
5 stop offering and selling Live Events shortly thereafter in or about August 2010.
6 However, Defendant has made multiple statements that he intends to resume Trump
7 University courses in the future.

8 7. At least 11 Attorneys General and the U.S. Department of Justice have
9 received numerous complaints about Trump University; the Texas Attorney General's
10 investigation into misleading advertisements by Trump University ultimately led to
11 the suspension of Live Events in that state; and a year after the filing of a related class
12 action in this Court, the New York Attorney General launched an investigation into
13 Trump University's deceptive practices. And, due to Defendant's misleading
14 advertisements and marketing of Trump University as a "University," the Better
15 Business Bureau ("BBB") refused to accredit Trump University and gave it a D- grade
16 due to the many complaints lodged by consumers.

17 8. Plaintiff brings this class action on behalf of himself and all other
18 similarly-situated consumers who purchased Trump University Live Events
19 throughout the United States, asserting violations of the Racketeer Influenced and
20 Corrupt Organizations Act ("RICO Statute"), 18 U.S.C. §1962(c).

21 9. Plaintiff seeks damages and equitable relief on behalf of himself and the
22 Class, including, but not limited to: treble their monetary damages; restitution;
23 injunctive relief; punitive damages; costs and expenses, including attorneys' and
24 expert fees; interest; and any additional relief that this Court determines to be
25 necessary or appropriate to provide complete relief to Plaintiff and the Class.

26 **JURISDICTION AND VENUE**

27 10. This Court has original jurisdiction over the subject matter of this action
28 pursuant to 28 U.S.C. §1331, because Plaintiff's claims arise under the RICO Statute,

1 18 U.S.C. §1962. The Court has diversity jurisdiction under 28 U.S.C. §1332 because
2 Plaintiff resides in California, and Defendant resides in New York. This Court also
3 has original jurisdiction over this action under the Class Action Fairness Act of 2005,
4 28 U.S.C. §1332(d)(2) ("CAFA"), as to the named Plaintiff and every Class Member,
5 because the proposed Class contains more than 100 members, the aggregate amount in
6 controversy exceeds \$5 million, and Class Members reside across the United States
7 and are therefore diverse from Defendant.

8 11. This Court has personal jurisdiction over Defendant because he has
9 significant minimum contacts with this State, and intentionally availed himself of the
10 laws of California by transacting a substantial amount of business throughout the State
11 and this District, including but not limited to, the promotion, marketing, advertising,
12 and sale of Trump University Live Events throughout California and San Diego
13 County, and on the Internet to consumers located throughout California and San
14 Diego County.

15 12. Venue is proper under 18 U.S.C. §1965(a), because Defendant is subject
16 to personal jurisdiction in this District as alleged above, and Defendant has agents
17 located in this District.

18 PARTIES

19 A. Plaintiff

20 13. Plaintiff Art Cohen is a businessman and resident of the state of
21 California. Cohen learned about Trump University in 2009 when he saw an
22 advertisement in the San Jose Mercury News, which is delivered daily to his home.
23 Cohen believes that he also received by mail a "special invitation" to Trump
24 University from Donald Trump, which included 2 VIP tickets to the free seminar.
25 Cohen was lured in by Donald Trump's name and reputation as a real estate expert.
26 Cohen attended the Preview Live Event at the Fremont Marriott Silicon Valley in
27 Fremont, California, on April 29, 2009, where Cohen was shown the Main
28 Promotional Video. Based on Defendant's misrepresentations and material omissions

1 that he would receive Donald Trump's real estate secrets from his handpicked
2 "professors" and mentors at his "University," Cohen purchased the \$1,495 Fast Track
3 to Foreclosure Real Estate Retreat, which he attended from May 8-10, 2009, at the
4 Sheraton Palo Alto Hotel in Palo Alto. At the 3-day event, Cohen was upsold to the
5 Gold Elite program, which he purchased on May 10, 2009, for \$34,995, plus the
6 interest and finance charges paid to his credit card.

7 14. Plaintiff would not have paid for any of the Trump University programs
8 had he known that he would not have access to Donald Trump's real estate investing
9 secrets, that Trump had no meaningful role in selecting the instructors for the Live
10 Events, and/or that Trump University was not a "University," as Defendant had
11 represented to him.

12 **B. Defendant**

13 15. Donald J. Trump resides in the State of New York. Trump was a founder
14 and Chairman, officer, director, managing member, principal and/or controlling
15 shareholder of Trump University. Defendant Trump is also Chairman of the board of
16 directors, President and CEO of the Trump Organization, a conglomerate of
17 companies which includes Trump University.

18 16. Defendant Trump received revenues paid to Trump University from
19 Plaintiff and other Class Members through two or more shell companies, including
20 DJT University Managing Member LLC (now DJT Entrepreneur Managing Member
21 LLC), a New York Limited Liability Company, and DJT University Member LLC
22 (now DJT Entrepreneur Member LLC), a New York Limited Liability Company.

23 17. Defendant Trump has conducted substantial business within the State of
24 California, including this District.

25 18. Defendant Trump approved, authorized, either specifically and/or tacitly
26 directed, ratified and/or participated in the acts complained of herein engaged in by
27 Trump University and its personnel.

28

COMMON FACTUAL ALLEGATIONS

A. The Scheme

19. Defendant Trump and others, including but not limited to, the former President of Trump University, Michael Sexton, devised and executed a scheme to make tens of millions of dollars by marketing Trump University as both: (1) a learning institution with which Donald Trump was so integrally involved that students would effectively be learning from him because, among other reasons, they would be learning his real estate secrets from instructors whom he had handpicked; and (2) an actual university with a faculty of professors and adjunct professors.

20. This "Scheme" was fueled by a national advertising campaign, the cornerstone of which was the Main Promotional Video. Defendant Trump caused the Main Promotional Video to be published to YouTube online so it would be viewed by prospective student-victims throughout the country. Trump University operated an extensive advertising campaign with an annual budget at one time of \$6 million, and a database of over one million current and potential customers, which it targeted with frequent email blasts. These e-blasts contained misrepresentations and/or links to view the Main Promotional Video on YouTube, and/or Trump University's Facebook page, Twitter account, and/or LinkedIn profile. When Trump University introduced the Donald Trump "signature" campaigns (featuring Donald Trump's signature in letters and ads) including "Are YOU My Next Apprentice?" and "Learn From the Master," consumer responses jumped by over 50%. And though personnel knew it was false to claim the instructors were handpicked by Defendant Trump, Defendant continued to use this catch-phrase as a marketing hook.

21. Other methods and means that Defendant Trump and others used to execute and perpetuate the Scheme included the following:

(a) Defendant Trump reviewing and approving advertisements before they were released, which featured quotes from Defendant Trump himself, such as: "I

1 can turn anyone into a successful real estate investor, including you. – Donald
2 Trump.”

3 (b) Using Defendant Trump’s name, photos and/or quotes for all Live
4 Events, website and advertising, and the website home page displayed a large photo of
5 Defendant Trump along with the message from him: “Are YOU My Next Apprentice?
6 Prove it to me!”

TRUMP UNIVERSITY

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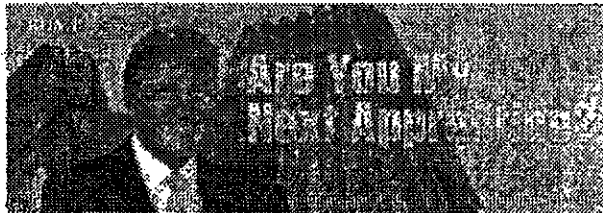
About Trump University | Privacy Policy | Contact Us | Terms of Service | Site Map | Facebook | Twitter | LinkedIn | YouTube

20 (d) Using advertisements featuring Defendant Trump and his image
21 with quotes such as: “Don’t think you can profit in this market? You can. And I’ll
22 show you how. Learn from my handpicked experts how you can profit from the
23 largest real estate liquidation in history.”

24 (e) Sending emails to thousands or tens of thousands consumers from
25 Trump University’s one million customer database that featured Defendant Trump’s
26 photo with the words: “Are you My Next Apprentice,” and stated: “76% of the
27 world’s millionaires made their fortunes in real estate. Now it’s your turn. My father
28 did it, I did it, and now I’m ready to teach you how to do it too.” The signature block

1 at the bottom of the email read, Donald J. Trump, Chairman, Trump University, and
 2 above that is Defendant Trump's actual signature.

3
 4 From: Trump University <email@info.trumpuniversity.com>
 To: Brandon
 Sent: Thu, Apr 29, 2010 12:05:00 PM
 Subject: Entrepreneurs Needed to be My Next Apprentice



9 I want people who want success.

10 If you Think BIG and believe you've got what it takes to succeed, I want you!

11 76% of the world's millionaires made their
 fortunes in real estate. Now it's your turn. My
 father did it. I did it, and now I'm ready to teach
 you how to do it too.

12 My team of real estate experts at Trump University is
 coming to your area in the next few days to conduct
 my Free Intro Apprenticeship Workshop. If you think
 you've got what it takes to be my next Apprentice,
 step up and attend. You should also bring along a
 trusted partner. This is YOUR opportunity to create
 wealth and take control of your own financial future
 with proven strategies that work in the current real
 estate market.

13 Attend the Free Intro Apprenticeship Workshop to
 learn how to:

- 14
 15
 16
 17
1. Buy properties from banks at DEEP discounts
 2. Use short sales to CONTROL property
 3. Increase your financial POWER with leverage
 4. Negotiate PROFITABLE deals that meet your goals
 5. Attend and learn how to develop the CONFIDENCE to succeed in real estate

18 See you at the top!

19

20 Donald J. Trump
 Chairman, Trump University



22 I'm also going to give you my
 "Secrets of Real Estate Marketing"
 Investor toolkit (a \$50 value)
 absolutely FREE when you attend.

23 Don't waste time - seating is very
 limited and my Trump Workshops
 always fill up fast.

24 (f) Sending signed letters through the mails to consumers nationwide,
 25 with Defendant Trump's name and signature at the bottom, stating: "[N]o course
 26 offers the same depth of insight, experience and support as the one bearing my name .
 27 . . . *My hand-picked instructors and mentors will show you how to use real estate*
 28 *strategies* to: [s]upplement or even replace your income, [s]ecure your long-term
 financial future . . . [s]tart profiting today! Now is the time to create your financial
 legacy. *You can do it*, even if you only have five or ten hours a week to spare. With

1 our simple instructions and practice exercises – *and ongoing support from your own*
 2 *Trump Team of Experts – you'll have what you need to succeed!*" (Second
 3 emphasis in original). The letter closed with Donald J. Trump's name, signature, and
 4 address, at 40 Wall Street, 32nd Floor, New York, NY 10005.

5 (g) Sending substantially-similar signed letters through the mails to
 6 consumers nationwide addressed as "Dear Friend" from Donald Trump promising:
 7 "Come to my *free* class. In just 90 minutes, my hand-picked instructors will share my
 8 techniques, which took my entire career to develop," and signed "Sincerely, Donald
 9 Trump" with Defendant Trump's signature. (Emphasis in original). The letter
 10 enclosed two "VIP" tickets to an upcoming Preview Live Event in the consumer's
 11 area.

12 (h) Delivering to student-victims, who were in the midst of the Trump
 13 University \$1,495 Fulfillment Live Event and whom Trump University was trying to
 14 persuade to sign up for the Elite program, a personalized (addressed to them by name)
 15 letter from Donald J. Trump. The letter bore the Trump logo at the top of the letter
 16 and the words "From the Office of Donald J. Trump." The letters stated:

17 Success in real estate begins with great training and proven
 18 strategies. Without education you don't stand a chance.

19 I know how to make money in real estate. I've been doing it for a
 20 long time with a lot of success. My family has been a leader in real estate
 21 since my father – Fred Trump – started building residential homes in
 22 New York City 75 years ago. My father was my mentor and he taught
 23 me a lot. Now I want to teach you how to make money in real estate. To
 24 be my apprentice you need to Think BIG and really want to succeed.
 25 More than anything, you need to take action.

26 *Do YOU have What It Takes to Be My Next Apprentice?*

27 I only work with people who are committed to succeed. I founded
 28 Trump University back in 2005 to teach go-getters how to succeed in
 real estate. My team at Trump University is filled with real estate experts
 . . . proven winners. We're the best of the best and we know what
 works. If you think you have what it takes to be my next apprentice,
 prove it to me.

We've trained thousands of real estate investors over the years and
 we know you will be most successful when you work with a partner. . . .

1 If you're serious about making money and safeguarding your
 2 future, learn to invest in real estate. Trump University will teach you
 3 how. We'll *give you the best training* and the confidence to succeed. If
 you think you've got what it takes to be my next Apprentice, come prove
 it to me and my team.

4 The letter closes with "See you at the top!" And, it is signed, "Donald J. Trump,
 5 Chairman, Trump University."

6 (i) Promising students that "[t]here are many real estate investment
 7 seminars available but this is the only one designed by Donald Trump's personal
 8 advisors, to show you step-by-step how to create quick cash immediately, and how to
 9 build a large monthly cash flow WITHOUT using any of your own money or credit."

10 (j) Enforcing the uniform deceptive portrayal of Trump University
 11 through policies and procedures, including Marketing Guidelines, the PlayBook, and
 12 standardized PowerPoint presentations and scripts that instructors were contractually
 13 required to use. For example, the Marketing Guidelines were designed to "ensure
 14 brand, tone and message across all Trump University's marketing efforts." The
 15 "tone" required by those Marketing Guidelines was to "Think of Trump University as
 16 a real University with a real Admissions process, *i.e.*, not everyone who applies, is
 17 accepted." The Guidelines also required that personnel use the term "faculty" which
 18 was to be marketed as comprised of Donald Trump's "top experts."

19 (k) Sending scripts containing misrepresentations to instructors for use
 20 at the Live Events through the interstate wires, such as the Preview Script sent from
 21 Michael Sexton to primary instructors, including James Harris and Stephen Goff. The
 22 speaker was required to use the official Trump University script and PowerPoint, and
 23 not make any changes without prior authorization pursuant to the PlayBook and
 24 his/her contract. Defendant Trump has concealed this speaker script that was used to
 25 execute his Scheme. Excerpts of the concealed speaker script include:

26
 27
 28

1
2 **Trump University**
3 **Preview Script – Version 3.0**
4

5
6
7
8
9 **Slide 01: Trump University Title Slide**

10
11 **Slide 02: The Trump University Apprenticeship Program**

12 Ladies and gentlemen, I'd like to welcome you to our presentation tonight on
13 behalf of Mr. Donald Trump and Trump University. My name is [Lecturer
14 name], I'm a member of the faculty at Trump University. Let's talk a little
15 about Donald Trump.

16
17
18
19 **Slide 03: Trump Montage**

20 Who here thinks they know Donald Trump? Hands up. Very good. Let's play
21 this little game to get you in the mood of things.

22 * * *

23 I remember one to time Mr. Trump said to us over dinner, he said "real estate
24 is the only market that when there is a sale going on people run from the
25 store". You don't want to run from the store.

26 * * *

27 First we will show you Donald Trump's negotiating system. Nobody
28 negotiates better than Donald. We'll show you how he does it, why he does it,
and how you can make it work for you. We will share with you marketing
pieces for both finding and selling properties, and again I'll say this to you as I
have before. One of the critical things is being able to get out of a property
when the time is right for you. And that is what we'll show you how to do.

29 * * *

30
31 **Slide 57: Risk Free Guarantee**

32 Making money may not be enough for some of you. You have lost thousands
33 in the markets, but you worry about the \$1495 that you pay here tonight.

34 (Trial Close): Some of you are still worried. You say: I am convinced that
35 Trump University is the real deal. I am convinced that Donald Trump
36 can teach me how to make money in real estate. I am convinced that I
37 don't have a chance of recovering my 401k losses unless I do something.

38 * * *

1 Slide 58: Take Control of Your Life

2 When you enroll in Trump University and make use of our systems, specific
3 knowledge and continuing support, you will be taking control of your life.
4 You will create a new normal for yourself; one that is much more enjoyable
5 and rewarding than your current situation.

6 Follow the proven practices, philosophy and guidance of Donald Trump.

7 (l) Promising students in blogs posted on Trump University's website
8 that Defendant Trump would be actively involved in Trump University and its
9 courses:

10 Trump University *grew out of my desire to impart my business
11 knowledge, accumulated over the years*, and my realization that there is
12 a huge demand for practical, convenient education that teaches success.

13 *I want the people who go to Trump University to succeed, and I
14 plan to do my part to help them. I'm not just putting my name on this
15 venture; I plan to be an active presence in the curricula. The website,
16 www.trumpuniversity.com, will include such features as "Ask Mr.
17 Trump," in which I answer your questions; the blog you're reading
18 now; video clips of me; and more. My words, ideas, and image will also
19 be woven into the courses we create. The reason I'm playing such an
20 active role in Trump University is that I truly believe in the power of
21 education [T]he people who go to Trump University want to be
22 successful, and I'm on their side.*

23 Another blog written under Defendant Trump's name promised: *"I have to believe in
24 whatever I put my name on, and it has to reflect who I truly am. To do otherwise
25 would be a disservice to me, my loyal customers, and prospective customers."*

26 (m) Promising that he would personally select and answer students'
27 questions in a forum called "Ask Donald Trump," when the questions were selected
28 and the answers written by a same ghost writer (who was not a real estate expert).

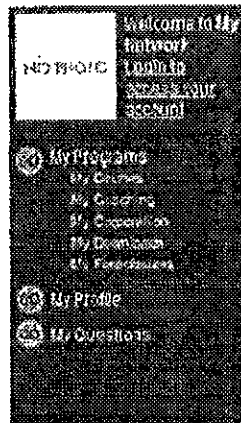


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Ask Donald Trump



Have you ever wanted to ask Donald Trump a question?
Now's your chance!

Mr. Trump loves hearing from Trump University members, especially members with great questions! But as you can probably guess, he's got a hectic schedule. That means Mr. Trump only has time for the most interesting and direct questions. Twice a month, he will choose the best questions and respond in true Donald Trump fashion. Look for answers to your question (if answered) and previous questions and answers posted on the [Trump Blog](#).

You must be a member to use this feature: [Login or Join Now](#)

B. The Truth

22. Defendant knew that these representations were false, that Defendant Trump was not actively involved in Trump University's Live Events, did not select or interview Trump University's Live Event instructors or mentors, that Defendant Trump offered no input into the actual instruction provided to Trump University's student-victims, that a ghost writer wrote the Donald Trump blogs and wrote most or all of the answers to the "Ask Donald Trump" questions and that Trump University did not have a faculty of professors and adjunct professors, but rather independent contractors paid commissions for sales. In other words, Defendant promised Trump University, but delivered neither Donald Trump nor a University.

1 **1. Not Donald Trump**

2 23. Though Defendant Trump represented that he would be so integrally
3 involved that Trump University was effectively learning from him, Defendant
4 Trump's involvement was "completely absent," as Defendant Trump has admitted in
5 court filings. Defendant Trump had virtually no involvement in determining, nor was
6 he even aware of, what the instructors actually taught or what the courses were.

7 24. Though Defendant Trump represented that all of Trump University's
8 instructors would be handpicked by him, thus implying that students would get the
9 next best thing to Defendant Trump himself, it was Sexton and COO David
10 Highbloom who interviewed the instructors and was in charge of hiring instructors. It
11 was also Sexton – not Defendant Trump – who would know what, if any, education,
12 professional experience, testing, and/or licenses was required of instructors. In most
13 cases, Defendant Trump did not even know who the instructors or mentors were, nor
14 had he met them.

15 25. Though the entirety of Defendant Trump and Trump University's
16 marketing and advertising campaigns were centered around Defendant Trump's real
17 estate expertise and access to Defendant Trump's coveted real estate "secrets," Trump
18 University did not teach Donald Trump's real estate "secrets" as promised. Rather,
19 Sexton (who had no real estate experience) was responsible for compiling course
20 materials and largely handed this task over to third parties in the industry such as
21 Dynetech, Mark Dove, and David Early.

22 **2. Not a University**

23 26. Though Defendant portrayed Trump University as a University with an
24 admissions process and "Ivy League quality" rivaling Wharton Business School,
25 Trump University was unaccredited and unlicensed to operate as an institution of
26 higher learning. Trump University provided no degrees, no credits, no licenses, nor
27 anything else of marketable value to student-victims.

28

1 27. Though Donald Trump in the Main Promotional Video and elsewhere
2 represented to would-be students that they would be taught by a faculty of “professors
3 and adjunct professors,” Trump University had no such faculty. Rather, the
4 instructors were high-pressure salespeople hired as independent contractors and paid
5 on a commission basis based on the number and amount of Live Event sales made.

6 28. The Trump University PlayBook (*see below*) refers to students as
7 “Buyers” and directs “instructors” to prepare to “Sell, Sell, Sell!”

8 **C. Trump University “Live Events”**

9 29. Defendant literally had a “PlayBook” for his Scheme and nationwide
10 advertising campaign to mislead student-victims. The PlayBook contains a chart
11 depicting the upsell scheme executed across the country.

12 30. Specifically, Defendant first lured consumers in with a free 90-minute
13 Live Event called the Preview. The Preview is used to persuade students to purchase
14 the \$1,495 “one year apprenticeship” course called the Fulfillment. If student-victims
15 purchased the Fulfillment, Defendant used the Live Event to convince them to
16 purchase Trump University’s \$35,000 Gold Elite program. Even then, after investing
17 nearly \$36,500, students still do not receive Defendant Trump’s “secrets” they were
18 promised, but are constantly subjected to upsells of additional Live Events, products
19 and books.

20 31. The Preview and Fulfillment were standardized through PowerPoint
21 presentations. For the upsell, speakers used standardized slides and worked from the
22 same script. There are detailed instructions in the PlayBook, down to where the
23 speakers and coordinators stand, the temperature of the room and music to be played
24 during the Introduction – “Money, Money, Money” from The Apprentice show.

25 **1. The Preview**

26 32. Trump University conducted a massive advertising campaign with a
27 multi-million dollar annual budget for the Preview, through mainstream newspapers,
28 its website, online newspapers, Facebook, Twitter, YouTube, radio, email blasts, and

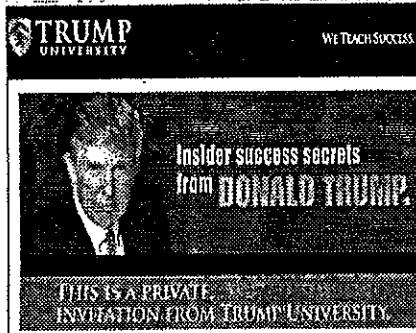
1 direct mail. Seven to ten days prior to the Preview, ads proclaimed: Donald Trump is
 2 "ready to share – with Americans like you – his best advice on investing in today's
 3 'once-in-a-lifetime' real estate market" directly from "*Donald Trump's hand-picked*
 4 *instructors* a *systematic method* for investing in real estate that anyone can use
 5 effectively." Defendant mailed letters from Donald Trump inviting consumers to
 6 learn from "one of *my world-class instructors*" about Defendant Trump's "*proven*
 7 *system* for profitable real estate investing that anyone can use, right away, to score big
 8 profits in today's market." A L.A. Times article quoted Donald Trump as saying that
 9 "[i]nvestors nationwide are making millions in foreclosures . . . and so can you!"³
 10 Other advertisements urged consumers to "Learn from the Master" – Donald Trump,"
 11 that "It's the next best thing to being his Apprentice," and promised would-be students
 12 that they would learn "insider success secrets from Donald Trump."



³ David Lazarus, *Trump's a grump about column on his 'priceless' tips*, L.A. Times, Dec. 16, 2007, <http://www.latimes.com/business/la-fi-lazarus16dec16,0,1670633.column>. When Lazarus attended the Pasadena Hilton Trump seminar, he "learned by attending the seminar, the event was a two-hour sales pitch for a three-day workshop that would cost people \$1,495." *Id.*

⁴ Screen shot from <http://www.trumpurealestate.com/market-Phoenix.html?cid=726078> (last visited February 3, 2010).

⁵ Screen shot from <http://www.trumpuniversity.com/> (last visited February 3, 2010).



33. At the Preview, students were greeted by a large screen projector and two tall banners of Donald Trump's photo. The presentation opens with the song "Money, Money, Money," and the Main Promotional Video is shown.

34. The instructor is introduced as one of Donald Trump's top instructors who was *hand selected* because of his *expertise* and knowledge in the real estate business.

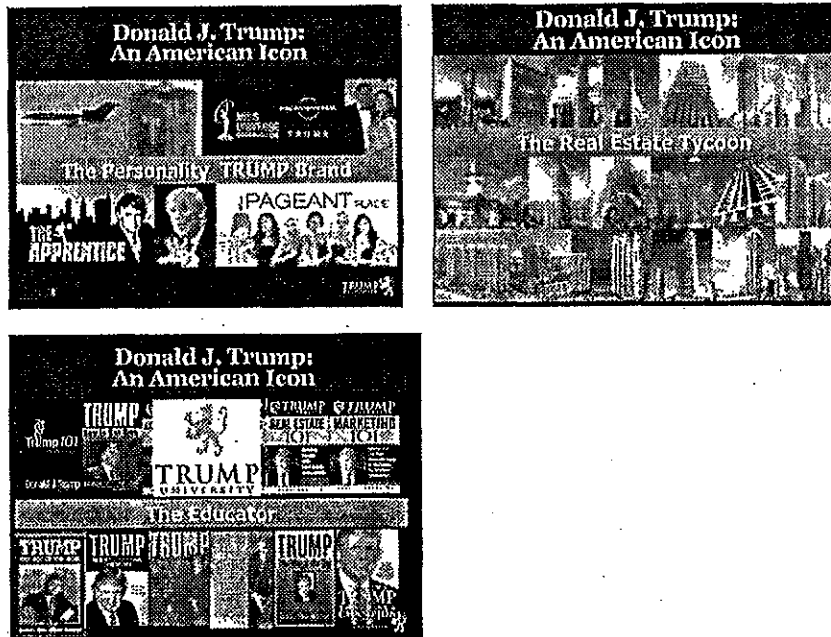
35. The speaker induces the audience to trust in the Donald Trump name and "family" by walking through the history of the Trump Organization and Defendant Trump's 'humble beginnings.' The speaker tells the audience that 76% of all millionaires are created from real estate – that "anyone can do it," and that "it's not easy, but it's simple if you know what you're doing, and we'll teach you what you need to know." He states that the mission of Trump University is to "train, educate and mentor entrepreneurs on achieving financial independence through real estate investing" the Donald Trump way.

⁶ Screen shot from <http://www.trumptactics.com/> (last visited February 3, 2010).



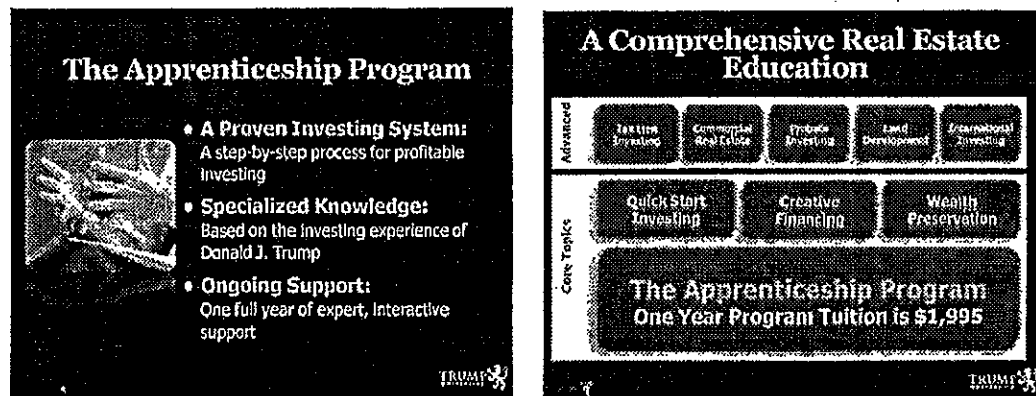
36. The speaker emphasizes that on the television show, "The Apprentice," Donald Trump could only work one-on-one with one person a year, so he created Trump University – not to make money for himself, but so that he could teach others. With this program, "Mr. Trump takes you through an entire apprenticeship for one year." The speaker emphasizes that *"Trump University is owned, lock, stock and barrel by Mr. Trump – it's his 'baby,' his company*, designed to help him accomplish his goal of leaving a legacy." The presentation plays on consumers' trust in the Donald Trump name, The Apprentice show, Defendant Trump's wealth and Defendant Trump's real estate expertise. Student-victims are shown slides that portray Trump University as the latest Donald Trump achievement.

⁷ These and the following slides are from the official approved Trump University PowerPoint presentation which was presented at a February 12, 2010 Preview Live Event advertised to prospective customers via email blast, and provided in an online Live Webinar format on or about February 12, 2010.



37. Throughout, the instructor portrays him or herself as knowledgeable in the Donald Trump way of investing and that he or she is close to Defendant Trump through firsthand accounts of Defendant Trump.

38. The instructor also plays on the fears of the audience, which includes a significant percentage of senior citizens. "How many of you lost a lot of your 401k investment in the market? How many of you are retired or want to retire? How many of you want to leave a legacy or property to your children or grandchildren?" The speaker encourages attendees, including the elderly, to cash out their 401K's or increase their credit limits so they can supposedly make a higher return on their investments in the foreclosure market. Consumers are told these strategies will make them money – they are time-tested strategies that have been in the Trump family for 75 years. Consumers are told they will pay off their credit cards, pay off their cars, and fully fund their retirement.



39. The staff at the Live Events are taught to close sales “armed with objections and rebuttals” set forth in the PlayBook and to “work the room with special attention to team members in *possession of a credit card that needs to be run.*”

2. The Fulfillment

40. The Preview was a 90-minute advertisement to persuade attendees to sign up for the “Fulfillment,” which purportedly provides a one-year “Comprehensive Real Estate Education.” However, for \$1,495 the Fulfillment is a 3-day workshop plus a phone number to call a “client advisor.” Defendant promises mentors who will be available for a full year. *“Other people don’t have anyone to call, but you’ve got Trump. You’ll call 40 Wall Street and they’ll walk you through it.”* The emphasis is on persuading consumers that in signing up for Trump University, they can join the Trump “family.”

41. At the Fulfillment, the Main Promotional Video is shown and/or students are given personally-addressed letters from Defendant Trump.

42. At the end of Day 1, the students are asked to fill out a detailed financial goal statement presumably to help them with their financial goals. Instead, these statements are used for Trump University personnel to assess the liquid assets that each student has to spend on the next Trump University program.

43. Students are told at the Preview that the Fulfillment is “all you need.” However, at the Fulfillment, student-victims are told what they really need is the Gold Elite program for \$34,995 to get a “full education,” including a 3-day in-person

1 mentorship with a full year of ongoing support from a Trump handpicked
2 multimillionaire mentor. To make the upsell, instructors make standardized pitches
3 using a separate PowerPoint slide presentation.

4 44. The PlayBook directed personnel to convince student-victims that the 3-
5 day Fulfillment is not enough (even though it was pitched as such at the Preview) and
6 emphasized that all personnel must follow this procedure to ensure sales of Elite
7 programs.

8 45. During the Fulfillment, the speakers pressure students to raise their credit
9 card limits on the pretext of purchasing property. At the end of the workshop,
10 Defendant's representatives asked students to use their credit cards to purchase the
11 Gold Elite program for \$34,995. If they were unable to persuade students to purchase
12 at this level (or if students did not have sufficient funds or credit), Defendant's
13 representatives would encourage the students to purchase the "Trump Silver Elite"
14 program for \$19,495, the "Trump Bronze Elite" program for \$9,995, or an Elite
15 mentorship for approximately \$25,000. Each of these prices was pitched as "one-day-
16 only" sales off the "regular" prices of \$48,490 for Gold, \$23,490 for Silver and
17 \$10,995 for Bronze.

18 46. Defendant's representatives did not warn students they were likely to
19 incur finance charges, interest fees and late fees by charging the program on their
20 credit cards, but would tell students they would quickly make the money back.
21 Defendant's representatives also did not tell students that by increasing their credit
22 limits, they could damage their credit scores. And Defendant's representatives never
23 warned students that by "maxing out" their credit cards, their credit scores could drop
24 even more significantly.

25 3. The Elite Mentorship Program

26 47. The Gold Elite program was sold on the promise of a mentorship with
27 Defendant Trump's handpicked real estate experts who would personally teach them
28

1 Donald Trump's real estate strategies. Instead, none of the mentors was handpicked
2 by Donald Trump or trained in his investing "secrets."

3 48. During the Gold Elite program, there was still constant up-sell pressure to
4 purchase other Trump University affiliate programs and products, varying in price
5 from \$495 to \$9,995. As a result, Class Members could ultimately spend upwards of
6 \$70,000 after being lured in by a free Live Event.

7 **D. Governmental Investigations into Trump University**

8 49. In addition to the actions of the NYSED described above, Maryland and
9 Massachusetts required Trump University to change its name for all Live Events held
10 in those states.

11 50. Attorneys General in 11 states and the U.S. Department of Justice
12 received numerous complaints against Defendant and Trump University, and at least
13 two Attorneys General launched investigations. In January 2010, Texas Attorney
14 General Greg Abbott's office launched a probe of Defendant and Trump University's
15 advertising and business practices after getting two dozen complaints. Abbott said he
16 was probing "possibly deceptive trade practices" dating back to 2008. Abbott's
17 investigation resulted in Defendant's ultimate suspension of all Live Events in Texas
18 in May 2010.

19 51. In May 2011, the New York State Attorney General's Office also
20 launched an investigation into whether Donald Trump and Trump University
21 "engaged in illegal business practices." The investigation was described by the New
22 York Times as "the latest problem" in "a string of consumer complaints, reprimands
23 from state regulators and a lawsuit from dissatisfied former students," and was
24 prompted by about a dozen complaints concerning Trump University that Attorney
25 General Eric T. Schneiderman found to be "credible" and "serious."⁸

26
27 ⁸ See Michael Barbaro, *New York Attorney General Is Investigating Trump's*
28 *For-Profit School*, New York Times, May 19, 2011.

1 52. Florida Attorney General Bill McCollum's office has been reportedly
 2 "reviewing" 20 or more complaints from consumers who paid up to \$35,000 for
 3 various Live Events.

4 **E. The BBB Gives Trump University a Failing Grade**

5 53. The BBB refused to accredit Trump University due to its misleading
 6 marketing, explaining that amongst other things, its classification as a
 7 "school/academy/college/university" with "professors" was misleading to a
 8 reasonable consumer.

9 Another factor contributing to your firm's ineligibility [for
 10 accreditation as a BBB business] is your firm's name "Trump
 11 University," which may potentially lead reasonable consumers to believe
 12 that your firm is an academic institution. As you acknowledged in your
 13 correspondence dated 1/4/2010, your firm does not meet the established
 14 definition of a "university." However, your instructors and program
 experts are referred to as "professors" and "faculty" in your promotional
 materials and on your web site. Both terms are potentially misleading as
 they are generally reserved for the teaching and administrative staff and
 members holding academic rank in an educational institution.

15 54. The BBB also found Trump University's website misleading in stating:

16 Trump University's School of Real Estate is accredited and we
 17 back up our assertions with unequalled educational and mentoring tools,
 18 such as retreats, phone and email coaching and on-site coaching, where
 we actually send a Donald Trump recommended real estate professional
 to your town to work with you for 3 days.

19 55. In addition, the BBB also found, that Trump University's classification as
 20 a "School/Academy/College/University" is misleading:

21 [Trump University's] services, as listed in your promotional
 22 materials and on your web site, are inconsistent with the established
 23 definition for this classification as you do not grant academic degrees or
 certification and do not appear to have recognized academic charter.
 Further, your company does not appear to be recognized as an academic
 institution that is accredited by accrediting agencies recognized by the
 Secretary of Education.

24 56. For these reasons, along with numerous consumer complaints, the BBB
 25 gave Trump University a "D-" rating. After Defendant changed Trump University's
 26 name in mid-2010, Defendant demanded an "A+" evaluation, and when the BBB was
 27 unable to issue a good "grade" due to ongoing consumer complaints, Defendant
 28

1 Trump called the BBB and his lawyer threatened to sue the BBB. As a result, the
 2 BBB changed Trump University's "grade" to "NR" for "Not Rated."

3 **RICO ALLEGATIONS**

4 **A. The Trump University Enterprise**

5 57. Trump University, LLC (now The Trump Entrepreneur Initiative LLC) is
 6 a limited liability company registered in New York with its principal place of business
 7 at 40 Wall Street, New York, New York. Trump University is one of the companies
 8 in the Trump Organization conglomerate located in New York, New York. After a
 9 related class-action lawsuit was filed in this District, Trump University changed its
 10 name to "The Trump Entrepreneur Initiative" on or around June 2, 2010.

11 58. Trump University has never been an accredited University or held a
 12 license to operate out of the State of New York as an educational institution. Trump
 13 University does not offer any degrees, licenses or credits.

14 59. Defendant Trump and Trump University created a "fictitious office" at
 15 160 Greentree Drive, Suite 101, Dover, Delaware 19904, in response to the NYSED's
 16 demand that it cease operating as a "University" without a license in New York in
 17 2005. The Dover address appears on mass emails sent to Plaintiff and the Class.
 18 However, Trump University has never operated out of Dover, Delaware.

19 60. Trump University also maintained a sales call center in Utah.

20 61. At all times relevant hereto, Trump University conducted substantial
 21 business throughout the State of California, including marketing, advertising, and
 22 hosting Live Events in San Diego County and all over the State of California.

23 62. At all times relevant hereto, Trump University acted for or on behalf of
 24 Donald Trump in undertaking the acts and/or omissions alleged herein.

25 63. Trump University, LLC (now The Trump Entrepreneur Initiative LLC) is
 26 an "enterprise" within the meaning of 18 U.S.C. §1961(4), through which Defendant
 27 Donald J. Trump conducted the pattern of racketeering activity described herein.
 28 Throughout its existence, the Trump University Enterprise engaged in, and its

1 activities affected interstate commerce because it involved commercial activities
2 across state lines, including national marketing campaigns, multi-state Live Events,
3 and the solicitation and receipt of money from victims located throughout the country.

4 64. Defendant Donald J. Trump exercised substantial control over the affairs
5 of the Trump University Enterprise, through among other methods and means, the
6 following:

7 (a) Providing the initial operating capital and holding an
8 approximately 93% ownership stake;

9 (b) Creating and approving marketing and advertising materials, which
10 featured his name, likeness (in most), and voice (in the Main Promotional Video);

11 (c) Selecting both the original name of Trump University and, five
12 years later approving the change to the current name of The Trump Entrepreneur
13 Initiative;

14 (d) Regularly reviewing financial records; and

15 (e) Negotiating and authorizing others to negotiate significant
16 contracts, such as the lease for the Enterprise's headquarters.

17 65. Defendant Trump was a knowing and willing participant in the Scheme,
18 and reaped revenues and/or profits therefrom.

19 66. The Trump University Enterprise has an ascertainable structure separate
20 and apart from the pattern of racketeering activity in which Defendant Trump has
21 engaged. The Trump University Enterprise is separate and distinct from Donald J.
22 Trump.

23 **B. Pattern of Racketeering Activity**

24 67. Defendant Trump, who is a person associated-in-fact with the Trump
25 University Enterprise, knowingly, willfully, and unlawfully conducted or participated,
26 directly or indirectly, in the affairs of the enterprise through a pattern of racketeering
27 activity within the meaning of 18 U.S.C. §§1961(1), 1961(5) and 1962(c). The
28 racketeering activity was made possible by the regular and repeated use of the

1 facilities, services, distribution channels, and employees of the Trump University
2 Enterprise.

3 68. Defendant Trump committed multiple "Racketeering Acts," as described
4 below, including aiding and abetting such acts.

5 69. The Racketeering Acts were not isolated, but rather were related in that
6 they had the same or similar purposes and results, participants, victims, and methods
7 of commission. Further, the Racketeering Acts were continuous, occurring on a
8 regular (daily) basis throughout a time period beginning in mid-2007 and, upon
9 information and belief, continuing through at least 2010.

10 70. Defendant Trump participated in the operation and management of the
11 Trump University Enterprise by directing its affairs, as described above.

12 71. In devising and executing the Scheme, Defendant Trump and Trump
13 University personnel committed acts constituting indictable offenses under 18 U.S.C.
14 §§1341 and 1343, in that he devised and knowingly carried out a material scheme or
15 artifice to defraud or to obtain money by means of materially false or fraudulent
16 pretenses, representations, promises, or omissions of material facts. For the purpose
17 of executing the Scheme, Defendant committed these Racketeering Acts, which
18 number in the thousands, intentionally and knowingly, with the specific intent to
19 advance the Illegal Scheme.

20 72. Defendant used thousands of mail and interstate wire communications to
21 create and perpetuate the Scheme through virtually uniform misrepresentations,
22 concealments and material omissions.

23 73. Defendant's fraudulent use of the mails and wires included the following
24 items and communications sent by Defendant and Trump University personnel, to
25 Plaintiff and third parties via U.S. mail, commercial carrier, interstate wire, and/or
26 other interstate electronic media:

27 (a) Throughout the relevant time period, including on or about the
28 dates set forth below, Defendant Trump and Trump University personnel, caused to be

delivered by mail or by a private or commercial interstate carrier, or received therefrom, according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, the items described above, including those alleged below:

From	To	Date	Description
Donald J. Trump, New York	Art Cohen, California	March or April 2009	"Special Invitation from Donald J. Trump" to attend Preview in Fremont, California
Donald J. Trump, New York	Sonny Low, California	March or August 2009	"Special Invitation from Donald J. Trump" to attend Preview in San Diego, California

(b) Throughout the Class Period, including on or about the dates set forth below, Defendant Trump and Trump University personnel, for the purpose of executing the above-described Scheme caused to be transmitted in interstate commerce by means of wire communications, certain writings, signs, signals and sounds, including those alleged below:

From	To	Date	Description
Trump University, New York	Art Cohen, California	August 26, 2009	Email to Art Cohen regarding link to Main Promotional Video
Trump University, New York	Art Cohen, California	April 29, 2009	Email to Art Cohen regarding one full year of ongoing support
Michael Sexton at Trump University, New York	David Early, Arizona	April 14, 2009	Email attaching Preview Script – Version 3.0
Michael Sexton at Trump University, New York	Mark Anthony, California	April 14, 2009	Email attaching Preview Script – Version 3.0

From	To	Date	Description
Michael Bloom, New York	David Early, Arizona; Michael Sexton, New York; April B. Neumann, New York	April 14, 2010	Email regarding sales script
Art Cohen, California	American Express, North Carolina	April 2009	Credit card transaction in the amount of \$1,495 for Art Cohen's purchase of the Fulfillment Seminar
Trump University, New York	Art Cohen, California	May 11, 2009	Email confirmation of credit card transaction in the amount of \$34,995 for Art Cohen's purchase of the Gold Elite program

CLASS ACTION ALLEGATIONS

74. Plaintiff brings this class action on behalf of himself individually and all others similarly situated, pursuant to Federal Rule of Civil Procedure 23.

75. The proposed Class consists of all persons who purchased Live Events from Trump University throughout the United States from January 1, 2007 to the present. Excluded from the Class are Trump University, its affiliates, employees, officers and directors, persons or entities that distribute or sell Trump University products or programs, the Judge(s) assigned to this case, and the attorneys of record in this case. Plaintiff reserves the right to amend the Class definition if discovery and further investigation reveal that the Class should be expanded or otherwise modified.

76. This action is properly brought as a class action because:

(a) The proposed Class is so numerous and geographically dispersed throughout the United States that the joinder of all Class Members is impracticable;

(b) The disposition of Plaintiff's and proposed Class Members' claims in a class action will provide substantial benefits to both the parties and the Court;

1 (c) The proposed Class is ascertainable and there is a well-defined
2 community of interest in the questions of law or fact alleged herein since the rights of
3 each proposed Class Member were infringed or violated in the same fashion;

4 (d) There are questions of law and fact common to the proposed Class
5 which predominate over any questions that may affect particular Class Members.
6 Such common questions of law and fact include but are not limited to:

7 (i) Whether Defendant engaged in a fraudulent scheme;

8 (ii) Whether Donald Trump violated 18 U.S.C. §1962;

9 (iii) Whether Plaintiff and Class Members have been harmed and
10 the proper measure of relief;

11 (iv) Whether Plaintiff and Class Members are entitled to an
12 award of treble, punitive damages, attorneys' fees and expenses; and

13 (v) Whether, Plaintiff and Class Members are entitled to
14 equitable relief, and if so, the nature of such relief.

15 (e) Plaintiff's claims are typical of the claims of the members of the
16 proposed Class. Plaintiff and Class Members have been injured by the same wrongful
17 practices of Defendant. Plaintiff's claims arise from the same practices and conduct
18 that give rise to the claims of all Class Members and are based on the same legal
19 theories;

20 (f) Plaintiff will fairly and adequately protect the interests of the Class
21 in that he has no interests antagonistic to those of the other Class Members, and
22 Plaintiff has retained attorneys experienced in consumer class actions and complex
23 litigation as counsel;

24 (g) A class action is superior to other available methods for the fair
25 and efficient adjudication of this controversy for at least the following reasons:

26 (i) Given the size of individual Class Member's claims and the
27 expense of litigating those claims, few, if any, Class Members could afford to or
28 would seek legal redress individually for the wrongs Defendant committed against

1 them and absent Class Members have no substantial interest in individually
2 controlling the prosecution of individual actions;

3 (ii) This action will promote an orderly and expeditious
4 administration and adjudication of the proposed Class claims, economies of time,
5 effort and resources will be fostered and uniformity of decisions will be insured;

6 (iii) Without a class action, Class Members will continue to
7 suffer damages, and Defendant's violations of law will proceed without remedy while
8 Defendant continues to reap and retain the proceeds of his wrongful conduct; and

9 (iv) Plaintiff knows of no difficulty that will be encountered in
10 the management of this litigation which would preclude class certification.

11 77. Defendant and his agents had, or have access to, address information for
12 the Class Members, which may be used for the purpose of providing notice of the
13 class action.

14 78. Plaintiff seeks damages and equitable relief on behalf of the Class on
15 grounds generally applicable to the entire proposed Class.

16 **COUNT**

17 **Violations of the Racketeer Influenced and Corrupt**
18 **Organizations Act, 18 U.S.C. §1962(c)**

19 79. Plaintiff re-alleges and incorporates by reference the above allegations
20 contained in the paragraphs above as if fully set forth herein.

21 80. This claim arises under 18 U.S.C. §1962(c), which provides in relevant
22 part:

23 (c) It shall be unlawful for any person employed by or
24 associated with any enterprise engaged in, or the activities of which
25 affect, interstate or foreign commerce, to conduct or participate, directly
26 or indirectly, in the conduct of such enterprise's affairs through a pattern
27 of racketeering activity

28 81. At all relevant times, Defendant Donald J. Trump was a "person" within
the meaning of 18 U.S.C. §1961(3), because he was "capable of holding a legal or
beneficial interest in property." Defendant Trump was associated with the Trump

1 University Enterprise and conducted and participated in that enterprise's affairs
2 though a pattern of racketeering activity, as defined by 18 U.S.C. §1961(5), consisting
3 of numerous and repeated uses of the mails and interstate wire communications to
4 execute a scheme to defraud in violation of 18 U.S.C. §1962(c).

5 82. The Trump University Enterprise was created and/or used as a tool to
6 carry out the Scheme and pattern of racketeering activity.

7 83. Defendant Trump has committed or aided and abetted the commission of
8 at least two acts of racketeering activity, *i.e.*, indictable violations of 18 U.S.C.
9 §§1341 and 1343, within the past ten years. The multiple acts of racketeering activity
10 that they committed and/or conspired to, or aided and abetted in the commission of,
11 were related to each other, pose a threat of continued racketeering activity, and
12 therefore constitute a "pattern of racketeering activity."

13 84. Defendant Trump's predicate acts of racketeering within the meaning of
14 18 U.S.C. §1961(1) include, but are not limited to:

15 (a) **Mail Fraud:** Defendant Trump violated 18 U.S.C. §1341, by
16 sending or receiving, or causing to be sent or received, materials via U.S. mail or
17 commercial interstate carriers for the purpose of executing the Scheme, which amount
18 to a material scheme to defraud and obtain money on false pretenses,
19 misrepresentations, promises, and/or omissions. The materials include but are not
20 limited to, letters promoting the Scheme and bearing Defendant Trump's signature or
21 image; and

22 (b) **Wire Fraud:** Defendant Trump violated 18 U.S.C. §1343, by
23 transmitting and receiving, or causing to be transmitted or received, materials by wire
24 for the purpose of executing the Scheme, which amounts to a material scheme to
25 defraud and obtain money on false pretenses, misrepresentations, promises, and/or
26 omissions. The materials transmitted and/or received include but are not limited to,
27 interstate credit card transactions, emails promoting the Scheme, and the Main
28 Promotional Video.

85. Defendant Trump knowingly and intentionally made these misrepresentations, acts of concealment and failures to disclose. Defendant Trump either knew or recklessly disregarded that these were material misrepresentations and omissions.

86. Defendant Trump and Trump University obtained money and property belonging to Plaintiff and the Class as a result of these violations. Plaintiff and other Class Members have been injured in their business or property by Defendant Trump's overt acts of mail and wire fraud.

87. Plaintiff and the Class have been injured in their property by reason of Defendant Trump's violations of 18 U.S.C. §1962, including the price paid for the Live Events, which collectively amount to tens of millions of dollars, plus interest and late fees incurred on their credit cards. In the absence of Defendant Trump's violations of 18 U.S.C. §1962, Plaintiff and the Class would not have incurred these losses.

88. Plaintiff's and the Class's injuries were directly and proximately caused by Defendant Trump's racketeering activity.

89. Defendant knew and intended that Plaintiff and the Class would rely on the Scheme's fraudulent representations and omissions. Defendant Trump knew and intended Plaintiff and the Class would pay fees as a result of same.

90. Under the provisions of 18 U.S.C. §1964(c), Plaintiff is entitled to bring this action and to recover their treble damages, the costs of bringing this suit and reasonable attorneys' fees.

91. Defendant Trump is accordingly liable to Plaintiff and the Class for three times their actual damages as proved at trial plus interest and attorneys' fees.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, individually and on behalf of all others similarly situated, pray this Court to enter a judgment against Defendant that:

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ZELDES HAEGGQUIST & ECK, LLP
AMBER L. ECK
HELEN I. ZELDES
ALREEN HAEGGQUIST
AARON M. OLSEN
625 Broadway, Suite 1000
San Diego, CA 92101
Telephone: 619/342-8000
619/342-7878 (fax)

Attorneys for Plaintiff and Proposed Class

JS 44 (Rev. 12/12)

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS
ART COHEN, Individually and on Behalf of All Others Similarly Situated

DEFENDANTS
DONALD J. TRUMP

(b) County of Residence of First Listed Plaintiff Santa Clara
(EXCEPT IN U.S. PLAINTIFF CASES)

County of Residence of First Listed Defendant _____
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

(c) Attorneys (Firm Name, Address, and Telephone Number)
Jason A. Forge
Robbins Geller Rudman & Dowd LLP
655 West Broadway, Suite 1900, San Diego, CA 92101 619/231-1058

Attorneys (If Known)

'13CV2519 DMS RBB

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business in This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business in Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES	
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 625 Drug Related Seizure of Property 21 USC 881 <input type="checkbox"/> 690 Other LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input checked="" type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement			

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
18 U.S.C. §1962(c)
Brief description of cause:
Mail and wire fraud under the RICO statute

VII. REQUESTED IN COMPLAINT: ☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$

CHECK YES only if demanded in complaint:
JURY DEMAND: ☐ Yes ☒ No

VIII. RELATED CASE(S) IF ANY

(See Instructions):

JUDGE Gonzalo P. Curiel

DOCKET NUMBER 3:10-cv-00940

DATE 10/18/2013 SIGNATURE OF ATTORNEY OF RECORD
/s/ Jason A. Forge

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

Exhibit 12

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

-----X
THE PEOPLE OF THE STATE OF NEW YORK,
by ERIC T. SCHNEIDERMAN, Attorney General of the
State of New York,

Petitioner,

-against-

THE TRUMP ENTREPRENEUR INITIATIVE LLC f/k/a
TRUMP UNIVERSITY LLC, DJT ENTREPRENEUR
MEMBER LLC f/k/a DJT UNIVERSITY MEMBER LLC,
DJT ENTREPRENEUR MANAGING MEMBER LLC f/k/a
DJT UNIVERSITY MANAGING MEMBER LLC, THE
TRUMP ORGANIZATION, INC., TRUMP ORGANIZATION
LLC, DONALD J. TRUMP, and MICHAEL SEXTON,

Respondents.
----- X

VERIFIED PETITION

Index No. _____

IAS Part _____

Assigned to Justice _____

The People of the State of New York, by their attorney, ERIC T. SCHNEIDERMAN,
Attorney General of the State of New York, respectfully allege, upon information and belief:

INTRODUCTION

1. From 2005 through 2011, respondents operated an unlicensed, illegal educational institution from their headquarters in New York City, which purported to teach students Donald Trump's real estate strategies and techniques. Until May 2010, respondents operated their program illegally as "Trump University," because they were not chartered as a university as required by New York law and were even notified by the New York State Education Department ("NYSED") as early as 2005 that their use of the word "university" violated New York law.

2. Respondents engaged in a widespread marketing campaign for Trump University both in New York and across the country to lure prospective students to a free 90-minute seminar

that served as a sales pitch for a three-day seminar costing \$1495¹ — but this three-day seminar was itself an upsell to increasingly costly “Trump Elite” packages starting at around \$10,000 and ending with what was supposed to be a year-long personal mentorship program at a cost of \$35,000. To induce students to enroll in their paid courses, respondents engaged in numerous deceptive practices. Respondents repeatedly claimed that prospective students would be taught by successful real estate “experts” who were “handpicked” by Donald Trump. In fact, respondents lacked substantiation for the claims that their instructors and mentors were successful real estate entrepreneurs. Not a single one was “handpicked” by Donald Trump. Many came to Trump University from jobs having little to do with real estate investments, and some came to Trump University shortly after their real estate investing caused them to go into bankruptcy. Respondents also assured prospective students that they would recoup the cost of the courses in a few months, with “insider” access to special financing and close mentoring by Trump instructors who would coach students through their first real estate deal. Relying on these representations, individuals spent thousands of dollars of their savings or took on thousands of dollars in debt — while Trump University brought in over \$40 million in revenue.

3. Trump University’s day-to-day operations were directly managed by Donald Trump’s closely-held holding company, The Trump Organization, and almost none of the formalities of a separate corporate existence were observed by Trump University or the limited liability companies through which Donald Trump purported to hold his stake in it. Trump University could not even issue its own checks, and it never held a board meeting. Meanwhile, both Michael Sexton and Donald Trump were personally and knowingly involved with the operations of Trump University, with Sexton taking an active role in the company’s conduct and

¹ This program went by a variety of names at different times, including “Fast Track to Foreclosure Investing,” the “Profit from Real Estate Investing,” “The Apprenticeship Program,” and the “Real Estate Investor Blueprint” program.

Trump personally approving each of the misleading advertisements it published — all the while ignoring the repeated warnings of NYSED, as far back as 2005, that Trump University was operating without a license in violation of New York law, thus evading a comprehensive regulatory system designed to prevent exactly the sort of deceptive practices at issue here.

4. Through their deceptive and unlawful practices, respondents intentionally misled over 5000 individuals nationwide, including over 600 New Yorkers, into paying as much as \$35,000 each to participate in live seminars and mentorship programs with the promise of learning Donald Trump's real estate investing techniques.

PARTIES AND JURISDICTION

5. Petitioner is the People of the State of New York, by their attorney, Eric T. Schneiderman, Attorney General of the State of New York.

6. Petitioner brings the above-captioned special proceeding pursuant to Executive Law § 63(12), Education Law §§ 224 and 5001-5010, and General Business Law §§ 349 and 350 to enjoin respondents from engaging in deceptive acts and practices and false advertising in connection with the operation of Trump University (later known as Trump Entrepreneurship Institute), an unlicensed educational institution that fraudulently induced students to enroll in seminars on real estate investing. Executive Law § 63(12) empowers the Attorney General to seek injunctive relief, restitution, disgorgement, damages, and costs when any person or business entity has engaged in or otherwise demonstrated repeated or persistent fraudulent or illegal acts in the transaction of business. GBL § 349(a) prohibits deceptive acts or practices in the conduct of any business, trade, or commerce, or in the furnishing of any service, in New York. GBL § 349(b) authorizes the Attorney General to seek injunctive relief and restitution whenever he believes that any person or entity has engaged in or is about to engage in any deceptive acts or

practices. GBL § 350-d empowers the Attorney General to seek penalties when any person or entity has engaged in deceptive business practices or false advertising in violation of GBL Article 22-A. Education Law § 5003(5) empowers the Attorney General to bring any appropriate action or proceeding in any court of competent jurisdiction to recover a fine or otherwise enforce any provision of Article 101 of the Education Law.

7. Respondent The Trump Entrepreneur Initiative LLC ("Trump University") is a New York limited liability company with its principal place of business at 40 Wall Street, 32nd Floor, New York, New York. The company was originally created pursuant to the laws of the State of New York under the name Trump University LLC on October 25, 2004. Its name was changed to The Trump Entrepreneur Initiative LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

8. Respondent DJT Entrepreneur Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

9. Respondent DJT Entrepreneur Managing Member LLC is a New York limited liability company. It does not list a principal place of business with the New York Secretary of State. The company was originally created pursuant to the laws of the State of New York under the name DJT University Managing Member LLC on October 25, 2004. Its name was changed to DJT Entrepreneur Managing Member LLC pursuant to a Certificate of Amendment filed with the New York Secretary of State on May 20, 2010.

10. Respondent The Trump Organization, Inc. is a New York corporation with a principal place of business of 725 Fifth Avenue, 26th Floor, New York, New York.

11. Respondent Trump Organization LLC is a New York limited liability company with a principal place of business of 725 Fifth Avenue, New York, New York.

12. Respondent Donald J. Trump is the Chief Executive Officer of The Trump Organization, Inc. and Trump Organization LLC and the Chairman of Trump University. He is a New York citizen who resides at 725 Fifth Avenue, New York, New York.

13. Respondent Michael Sexton is the former President of Trump University. He is a New York citizen who resides at 31 Rye Road, Rye, New York.

14. Respondents waived service of the notice required by Executive Law § 63(12) and General Business Law § 350-d.

FACTS

Violations of New York State Education Law

15. In 2004, Donald Trump, Michael Sexton, and Jonathan Spitalny formed Trump University LLC as a New York limited liability company. The original business plan focused primarily on long-distance learning through Internet-based webinars on a broad array of business topics, though they were “experimenting” with a variety of formats, including some live programs.

16. In 2005, NYSED became aware that Trump University was operating an unlicensed educational institution in New York, purportedly to teach students how to do real estate and other business deals.

17. NYSED wrote to Trump University, and to Donald Trump and Michael Sexton personally, several times starting in 2005, notifying Trump University and Trump that they were

in violation of New York law. NYSED officials also contacted Trump University in person, by phone, and by email.

18. In these communications, NYSED informed Trump University, Donald Trump, and Michael Sexton that

- (a) Trump University was violating New York Education Law by calling itself a "University" when in fact it was not chartered as such, and that
- (b) Trump University needed to be licensed by NYSED if it wanted to offer student instruction or training in New York.

19. In June 2005, respondents, through Sexton, communicated in a series of e-mails with Joseph Frey, then the Assistant Commissioner of the Office of Quality Assurance of the Office of Higher Education at NYSED. Frey told Sexton that Trump University would not be subject to the New York Education Law licensure requirement if it did not have a physical presence in New York State, predicated on two conditions: (a) Trump University needed to have its place of business and its corporate organization outside New York, and (b) it could not run live programs or other live training in New York. Sexton responded that Trump University would abide by those conditions by creating a new LLC in Delaware and merging the New York LLC into the Delaware entity. Sexton further stated that Trump University would refrain from holding live programs in New York.

20. Yet Trump University did **not** abide by these conditions.

21. First, although the Trump Organization created a new Delaware LLC, the New York and Delaware entities never merged, and Trump University continued communicating to both government entities and to students that its principal place of business was 40 Wall Street in New York, throughout the entire period of its operation.

22. Second, Trump University held at least fifty live programs in New York between 2006 and 2011.

23. In fact, the business decision to expand Trump University's live programming occurred only six months after Sexton's agreement with Frey, in late 2005 or early 2006. At that time, Trump University shifted its business model to focus mostly on live programs and instruction, both in New York and nationally. Although respondents first relied on a third-party licensee to run live seminars, by 2007, Trump University began operating its own live programming and instruction, produced and executed in-house.

24. Ultimately, for more than five years, respondents failed to take any steps to rectify the legal violations raised by NYSED.

25. It was not until May 2010 that Trump University finally dropped "University" from its name.

26. By ignoring NYSED and continuing to use the "Trump University" name from 2005 to 2010, respondents also repeatedly deceived students into thinking that they were attending a legally chartered "university." Students relied on those misrepresentations, inducing them to pay for Trump University's programs.

27. Indeed, the very fact that Trump University LLC was organized and based in New York misled students into believing that Trump University was obeying New York laws requiring the licensure, regulation, and chartering of all universities and other educational institutions operating in New York state.

28. Trump University repeatedly reinforced the misperception that it was a real "university" by employing many of the signs, symbols, terminology, and other indicia of colleges and universities.

29. Instructors routinely referred to themselves as “faculty” and to the Trump University program participants as “students” and then “graduates” after completing a course and going through “graduation.”

30. The Trump University program was regularly called a “curriculum,” and students’ payments were repeatedly referred to as “tuition.”

31. Some instructors claimed that a Trump degree “is a bit of a college degree” and that Trump University offered “graduate programs, post graduate programs, [and] doctorate programs.”

32. Trump University used a university-like seal on many of its materials and issued diploma-like Certificates of Accomplishment to students for courses they completed. Instructors repeatedly lured students into enrolling in Trump University programs with the promise of these imitation “certificates” bearing Donald Trump’s signature.

33. By circumventing the licensure regime, Trump University, as a “private career school,” repeatedly violated an array of Education Law regulations and regular reviews by NYSED, including, for example: (a) all school directors and teachers must be individually licensed by NYSED; (b) all school sales agents working on commission must be individually certified by NYSED; (c) NYSED has authority to monitor schools’ advertising to ensure it is not false, misleading, deceptive, or fraudulent, and is consistent with Article 22-A of the General Business Law; and (d) each school is required to pay tuition assessments, in part to fund a “tuition reimbursement account” managed by NYSED, for the payment of refunds to students.

34. To the present day Trump University has **never** obtained or even applied for the proper licensure to operate as an educational institution in New York State. Neither Trump University nor any of its employees or representatives ever apply for any other licenses,

certifications, or approvals from NYSED for its teachers, directors, or sales agents. Trump University never submitted any materials to NYSED for approval in compliance with the Education Law. In addition, Trump University never paid any tuition assessments to NYSED to fund reimbursements to students.

Trump University's Advertisements

35. From the beginning of its operations, Trump University engaged in extensive advertising and marketing campaigns via, *inter alia*, publishing advertisements in newspapers, sending print and electronic mail to prospective students, and running advertisements on radio and television.

36. These advertisements invited prospective students to attend free seminars where they would learn Donald Trump's techniques for investing in real estate from Donald Trump's "handpicked experts." Such advertisements were published repeatedly in the New York City area in publications such as the New York Post, Newsday, New York Metro, AM New York, the Newark Star-Ledger, and the Bergen County Record. Similar advertisements were also published in most major metropolitan areas nationwide.

37. For example, one typical Trump University advertisement read:

Learn from Donald Trump's handpicked expert how you can profit from the largest real estate liquidation in history. Attend our FREE Investor workshop!

He's the most celebrated entrepreneur on earth. He's earned more in a day than most people do in a lifetime. He's living a life many men and women only dream about. And now he's ready to share -- with Americans like you -- the Trump process for investing in today's once-in-a-lifetime real estate market.

Come to this FREE Introductory class and you'll learn from Donald Trump's handpicked instructor a systematic method for investing in real estate that anyone can use effectively. You'll learn foreclosure investing from the inside out. You'll learn how to finance your deals using other people's money. You'll learn how to overcome your fear of getting started.

"I can turn anyone into a successful real estate investor, including you."

- Donald Trump

38. Another advertisement stated:

"Are YOU the next DONALD TRUMP?" "Come Prove it to me!"

My team of real estate experts is coming to your area in the next few days to conduct my Intro Apprenticeship Workshop.

Attend my Intro Apprenticeship Workshop and learn how to:

Use short sales to CONTROL property

Buy FORECLOSED properties from banks at deep discounts

Increase your financial POWER with leverage

Negotiate PROFITABLE deals that meet your goals

Develop CONFIDENCE to succeed in real estate

My Intro Apprenticeship Workshop is FREE!

[signed: Donald J. Trump.]

39. Trump University also sent prospective students in New York and elsewhere direct mail solicitations from their headquarters at 40 Wall Street inviting them to attend a free Trump University class. At least forty-one such solicitations in 2009 alone contained the misrepresentation that Trump University's instructors were "handpicked" by Donald Trump.

40. One such solicitation, signed by Donald Trump, invited prospective students to “come to my free class” where “[i]n just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop.” The letter advised: “Then just copy exactly what I’ve done and get rich.” In other solicitations, bearing Donald Trump’s signature and sent from 40 Wall Street, New York, New York, Donald Trump asserted that “I’m sharing my proprietary ‘Blueprint For Real Estate Success’” and invited prospective students to attend a “FREE Trump Training Workshop” in their area to be led by “[m]y hand-picked instructors.”

41. Many of the solicitation letters also included a logo at the top that read “TRUMP” and “From the Office of Donald J. Trump” and often included at the bottom the address “40 Wall Street, 32nd Floor - New York, NY 10005.”

42. Envelopes had similar branding and information, with the return address noted as “TRUMP, From the Office of Donald J. Trump, 40 Wall Street, 32nd Floor, New York, NY 10005,” under which was written “Are YOU my next Apprentice?” followed by Donald Trump’s name and signature.

43. Trump University made similar claims on its website, trumpuniversity.com, as well as when individuals called Trump University. The website described Trump University’s mentorships as an “opportunity to hit the streets with an experienced real estate investor” and “expert” who was “hand-selected by Donald J. Trump” and would help the student through a series of detailed steps in researching and executing real estate investments.

44. Additionally, Trump University customer service representatives were instructed to tell callers that Trump University’s free seminar “will be led by [Donald Trump’s] handpicked team of real estate experts.”

45. In actuality, as described below, much of what Trump University asserted in these advertisements and promotions was not true.

46. Instead, the free seminars were the first step in a bait and switch to induce prospective students to enroll in increasingly expensive seminars starting with the three-day \$1495 seminar and ultimately one of respondents' advanced seminars such as the "Gold Elite" program costing \$35,000.

Trump University's Free Seminar: A Sales Pitch for Trump University's 3-day \$1495 Seminar

47. At the "free" 90-minute introductory seminars to which Trump University advertisements and solicitations invited prospective students, Trump University instructors engaged in a methodical, systematic series of misrepresentations designed to convince students to sign up for the Trump University three-day seminar at a cost of \$1495.

Claims about Students' Likelihood of Success after Attending the Three-Day Seminar

48. The instructors convinced prospective students to purchase the three-day seminar by misrepresenting their likelihood of success in real estate investing after attending the seminar, the time it would take to achieve that success, and the time they would need to spend on investing in order to be successful.

49. These claims of success stand in stark contrast to the statements Trump University instructors subsequently made at the three-day seminars — telling participants that they were unlikely to succeed after just the three-day seminar, that they needed mentoring in order to succeed and that it was extremely unlikely that any of the participants would meet with such quick success.

50. In fact, as discussed below, Trump University students who worked to apply what they had learned met with frustration and often ended up worse off financially than they had been before.

51. Former president Michael Sexton admitted in his sworn subpoenaed testimony that “[t]here wasn’t anything sophisticated about” the three-day seminar and that instead it was “really an opportunity for an individual to make the decision[:] is real estate investing something that I am actually going to pursue[?]” rather than actually teaching them what they needed to know to get started.

Claims That Trump University Speakers Were “Handpicked” by Donald Trump

52. In Trump University’s advertisements and solicitations and later in its instructional materials and communications to students attending its seminars, respondents routinely reiterated the false claim that Donald Trump “handpicked” Trump University’s instructors.

53. First, an introductory video featuring Donald Trump, persuading prospective students to sign up for Trump University, was typically played at each of Trump University’s free seminars, and it was also featured in a set of Trump University compact discs that contained an audio recording of a three-day seminar.

54. In the video, Donald Trump himself tells prospective students: “Honestly, if you don’t learn from [the instructors], if you don’t learn from me, if you don’t learn from the people that we’re going to be putting forward, and **these are all people that are handpicked by me**, then you’re just not going to make it in terms of the world of success.”

55. Trump University instructors repeatedly represented that they had been chosen personally by Donald Trump to be instructors and that they had other personal connections to or relationships with Donald Trump, such as being "Donald Trump's personal real estate coaches."

56. In fact, none of the speakers were handpicked by Donald Trump or had ever been one of his "personal real estate coaches."

57. The representations that Trump University's instructors were "handpicked" by Donald Trump inspired confidence in the seminars and induced students to purchase them.

Representations that Donald Trump Would Appear at the Three-Day Seminar

58. Trump University speakers repeatedly insinuated that Donald Trump would appear at the three-day seminar, claiming that he "is going to be in town" or "often drops by" and "might show up" or had just left, or baited students with the promise of a "surprise" or a "special guest speaker."

59. As students later discovered, these claims were untrue. Rather than being photographed with Donald Trump, they were offered the chance to have photos taken with a life-size photo of Donald Trump.

Claims that Trump University Taught Donald Trump's Own Strategies and Techniques for Investing in Real Estate

60. As touted in respondents' advertisements, Trump University instructors repeatedly represented that its seminars would teach students Donald Trump's personal strategies and techniques for real estate investing.

61. In fact, no specific Donald Trump techniques or strategies were taught during the seminars. Donald Trump "never" reviewed any of Trump University's curricula or programming materials, nor did he review any of the content for the free seminars or the three-day seminars.

62. Instead, the contents and materials presented by Trump University were developed in large part by a third-party company that creates and develops materials for an array of motivational speakers and seminar and timeshare rental companies. In addition to being heavily involved in creating and editing much of Trump University's curricula and materials (including, *inter alia*, slides for seminars), this third-party company reviewed and provided feedback on transcripts of Trump University presentations and worked on training and coaching the Trump University instructors.

63. Trump University instructors also drafted, edited, or contributed to the materials and curricula developed and used by Trump University.

64. Trump University's repeated claims that the seminar material consisted of Donald Trump's own personal strategies were part of a deliberate effort to appropriate generic material common to motivational seminars on real estate and to characterize this material as being Donald Trump's own proprietary information. The ultimate goal was to lure students with Donald Trump's fame and celebrity status.

65. Trump University's seminars carried this celebrity branding even further, playing the theme song from Donald Trump's popular reality television shows *The Apprentice* and *The Celebrity Apprentice* — "For the Love of Money," by the O'Jays — at the beginning and end of the presentation, and encouraging students to have their photographs taken with the life-size photo of Donald Trump. Moreover, as noted above, an introductory video featuring Donald Trump persuading students to sign up for Trump University was typically played at each of Trump University's free seminars.

66. As a result of this marketing strategy, including Trump University's implied and express associations with Donald Trump and the impression that Donald Trump was directly

involved with the creation and review of the “techniques” and “strategies” it presented, students purchased costly Trump University classes.

Misrepresentations as to What Would Be Included in the Three-Day Seminar

67. In addition to touting the role of Donald Trump in the three-day seminars, respondents made a number of false claims regarding the content of the seminars.

68. Comprehensiveness of the Three-Day Seminar – Trump University speakers represented that the three-day seminar would teach students “everything you need to know” about investing in real estate and would “be the last real estate education you will ever need for the rest of your life.”

69. In fact, as described below, these representations were false.

70. Access to “Private” or “Hard Money” Lenders and Financing – Trump University speakers claimed that students who participated in the three-day program would obtain insider access to financing for their real estate deals.

71. In particular, instructors represented that the three-day seminar would provide special instruction to students on how to obtain alternative “private” or “hard money” sources of financing, rather than traditional loans from banks.

72. Some Trump University presentations claimed that they had a “list” of “hard money lenders” in the locality where the presentation was held, as well as nationally, and that they would personally help students access these sources of alternative financing.

73. In fact, there is no evidence that the three-day seminars contained substantive instruction on “how to raise private money,” and the supposedly special “database” of lenders turned out to be a list photocopied from an issue of *Scotsman Guide*, a commercially available magazine.

74. Instead, once they were at the three-day program, students were told they would need to purchase and attend additional programs such as the “Creative Financing Retreat” in order to learn more about hard money lenders, paying an additional \$5000 (or up to \$35,000 as part of the Gold Elite package).

75. Ultimately, as described in further detail below, Trump University repeatedly failed to provide the promised access to “hard money” or private financing or lenders — even to students who paid \$35,000 or more for the Trump Gold Elite packages.

76. Year-Long “Apprenticeship Support” Program – Trump University also claimed that students who purchased the three-day seminar would receive a more extensive, twelve-month-long “Apprenticeship Support” program, during which Trump University representatives would be available via a toll-free telephone “hotline” to answer students’ questions about real estate investing.

77. These claims were also false.

78. Trump University did not have a “hotline” for students with substantive questions about real estate.

79. Instructors generally did not make themselves available to anyone who did not sign up for the Trump Elite programs — and often, not even then.

80. Moreover, students attending the three-day seminar discovered that if they declined to purchase the more expensive Trump Elite programs, they were ignored by Trump University staff for the rest of the seminar and even told they could go home as early as the end of the second day.

81. Improvement of Credit Scores – Trump University further claimed that the three-day seminar would help students improve their credit scores and terms.

82. Instead, instructors at the three-day seminars encouraged students to contact their banks to request increases of the borrowing limits on their credit cards. Trump University students later discovered that requesting increases in borrowing limits typically lowers a student's FICO score rather than increasing it.

83. In fact, as discussed further below, the actual reason Trump University asked students to request higher credit limits was so that the students could afford to pay for the more expensive Trump Elite programs.

Claims that Donald Trump Was Not Profiting from Trump University

84. Trump University also claimed that Donald Trump was not profiting from Trump University and founded it solely for philanthropic purposes. According to Trump University speakers, students' payments for the three-day seminar would not go to Donald Trump.

85. In fact, Donald Trump netted about \$5 million in profit from Trump University. Notwithstanding this fact, instructors claimed that the costs of Trump University programs were designed to ensure that students would feel invested in them. Similarly false claims were made again when instructors regarding the Trump Elite programs.

Trump University's Three-Day Program: a Sales Pitch for Their "Elite" Programs

86. When students reached Trump University's three-day seminar, they learned that contrary to what they had been promised at the free seminars, they were **not** going to learn everything they needed to know to start investing. Instead they were told that they had to purchase additional programs to get the help they would supposedly need to succeed — and that they would fail if they did not continue at Trump University.

87. Thus, rather than a comprehensive program that would teach them everything they needed to know about investing in real estate (as they had been promised at the free seminars), the three-day seminar included an extended sales pitch for the Trump Elite mentorship programs.

88. This bait and switch was laid out in the Trump University Playbook ("Playbook"), which provided step-by-step directions to Trump University instructors on what to tell students during the seminars. Speakers were instructed to tell three-day seminar students: "We need longer than three days!" Speakers were also told not to "let [the students] think three days will be enough to make them successful." The Playbook further noted that "[i]f all Trump U team members are following these procedures it will greatly improve our chances to sell elite packages. Even one coordinator giving them the impression three days is enough that can hurt sales."

89. The Playbook makes clear that the purpose of the three-day seminars was to upsell the expensive Elite programs. Trump University representatives were instructed to identify "buyers" by reviewing profile sheets filled out by the students listing their liquid assets to determine who could pay for the costly programs. Trump University instructors and staff were given detailed guidance as to how to build rapport and approach consumers one-on-one to encourage further purchases. Trump University representatives were explicitly instructed to push the highest priced Elite programs. Even when students hesitated to purchase the expensive programs, Trump representatives were provided stock responses to encourage purchases, including encouraging students to go into debt to pay for the Elite programs..

90. Many students were upset by such 180-degree turns in Trump University's message, believing they had paid \$1495 each for a comprehensive three-day training program but then concluding that they had paid to attend a "sales pitch."

91. Trump University speakers and representatives also claimed that the stated prices of the Trump Elite programs were only available on the day of the offer and would increase thereafter. This was a deliberate high-pressure sales tactic to push students into purchasing the Trump Elite programs without having a chance to consider them carefully.

92. Moreover, Trump University's speakers, mentors, and sales representatives had a strong incentive to sell as many of the Trump Elite packages as they could, as nearly all of them were independent contractors who were compensated solely on the basis of commissions on the sales generated at their seminars.

93. Ultimately, the promises made by Trump University regarding what would happen at the three-day seminar were false — with no instructors “handpicked” by Donald Trump, no appearance by Donald Trump, none of Donald Trump's own personal investing techniques, no special access to “hard money” lenders, and no “hotline” for students to call with substantive real estate questions.

The “Trump Elite” Programs’ Promised Mentorships

94. To induce students to enroll in Trump University's Elite programs costing students \$10,000 to \$35,000, Trump University speakers repeatedly touted the mentorship program as providing comprehensive one-on-one training during which students would have personal assistance every step of the way until they executed their first real estate investment deals — an enticing but empty promise that cost students tens of thousands of dollars but gave them little in return.

95. Trump University instructors represented that Trump mentors would provide intensive follow-up guidance for at least six to twelve months, would be mentors “for life,” would

help students negotiate price and terms on any properties they found and would respond to communications within twenty-four hours.

96. For example, one mentor described a Trump University mentor as someone “who will actually come out and will do real estate with you. He will hold your hand and will walk you right through everything. The analysis, the properties...”

97. Students were told that mentors would effectively “do a deal” for those students who purchased an Elite package and would review prospective real estate transactions with the students.

98. Students relied on these representations to buy the Trump Elite packages. Specifically, students were lured by instructors’ promises to mentor them personally and promises to provide intensive personal guidance and mentorship for up to a year.

99. In fact, students who enrolled in the Elite programs did not receive the individual attention promised. After the initial in-field component of the Trump Elite program, lasting three days, many mentors simply disappeared — failing even to return telephone calls and e-mails from students with questions about prospective real estate deals.

100. Some students discovered that they could barely reach their mentors, receiving only a few short phone calls and little to no follow-up assistance, and what advice the mentors did dispense was often unhelpful and unprofessional.

Promised Access to “Private” or “Hard Money” Lenders and Financing

101. Trump University also induced students into purchasing the Trump Elite programs by again dangling the possibility that they would provide special instruction and access with regard to “private” or “hard money” lenders, with instructors often promising that they

themselves were hard money lenders or personally had expertise with or access to such sources of financing.

102. Students at the three-day seminar relied on these representations about access to financing and were thus convinced to purchase the Trump Elite programs.

103. However, despite students' requests and diligent work at attempting to invest in real estate, the promised access to lenders and financing never materialized.

Representations Urging Students to Increase their Credit Limits

104. As noted above, Trump University speakers at three-day seminars urged students to call their credit card companies during a break in the sessions, requesting increases to their credit limits.

105. Speakers often claimed that the reason for this request was to obtain additional capital for real estate transactions and property improvements for "flipping" houses and apartments, but in reality the purpose was so that students could use the additional credit to purchase the expensive Trump Elite programs.

106. Trump University even provided handouts with scripted talking points for students to use in their phone calls with credit card companies, explicitly encouraging people to falsify their current income, "add[ing] projected income from our future real estate venture[s]," and to deceive credit card companies by declaring income streams from corporate entities that had not been created, with the script telling students: "If they ask you to prove income, inform them that it will be too much trouble to put all the paperwork together."

107. As previously noted, Trump University's misrepresentations regarding credit limits had the effect of damaging students' credit scores, directly contrary to claims made at the free seminars that Trump University would help increase students' credit scores.

False Promises Regarding Students' Likelihood of Success from the Trump Elite Programs

108. Finally, Trump University made deceptive promises about the likelihood and speed of success that would be experienced by Trump Elite students.

109. Trump University instructors assured students would quickly recoup their “investments” in the Trump Elite programs, needing only to expend the effort and time necessary to do the work their mentors prescribed.

110. Trump University speakers and mentors further represented that they would personally work with students until they recouped their “investments” in the Trump Elite programs.

111. Students relied on these and other similar misrepresentations when signing up for the Trump Elite programs, believing that they would recoup the costs of the programs — typically \$25,000 or \$35,000 — in as little as sixty days.

112. In fact, Trump University students repeatedly failed to recoup what they paid to Trump University and in many instances the students would never see or hear from those particular speakers or mentors ever again.

113. Trump University and Michael Sexton were aware of students' difficulties in obtaining the services promised as part of the Trump Elite mentorships, but failed to fix the known problems with the mentorships.

114. After completion of the three-day seminar, or the initial in-field component of a mentorship, the speaker or mentor often asked each student to complete a evaluation of the seminar or mentorship. Some students provided positive evaluations — before ultimately learning that the representations and promises made by Trump University would not materialize. Trump University instructors also asked that seminar students complete evaluations in order to

receive their Certificates of Completion for the course and “pleaded for a favorable rating so that ‘Mr. Trump would invite [them] back to do other retreats.’” In other cases mentors compelled students to complete the non-anonymous evaluations in their presence, filled out the forms themselves or pressured students into giving higher scores or completing the evaluations before they had an opportunity to see if Trump University’s promises would be fulfilled.

Trump University’s Failure to Vet the Instructors and Mentors They Touted as Successful Real Estate Investors

115. In addition to misrepresenting the nature and quality of their mentorships, Trump University touted its instructors and mentors as successful real estate investors and experts despite receiving substantial evidence to the contrary, and took almost no substantive steps to verify the qualifications and credentials its instructors and mentors claimed to possess.

116. Indeed, it was not until late 2009 — over two years after Trump University began expanding its live courses and mentorships — before they even attempted to gather any supporting documentation from its instructors and mentors to prove that they had the claimed expertise. Rather, they relied on cursory, self-reported statements such as resumes and short application forms.

117. Even with this cursory review, Trump University became aware of evidence strongly at odds with candidates’ claims of qualifications and past success, and yet Trump University retained the candidates anyway. When candidates’ stated credentials were reviewed by an outside firm that conducted basic background checks on prospective instructors and mentors, the checks repeatedly found discrepancies or reported that they were “[u]nable to verify” candidates’ claimed qualifications, and candidates claiming to be “self-employed” were unable to prove any income or proof that they were “employed” at all.

118. In addition, many candidates came directly to Trump University from other seminar companies — where they had worked as motivational speakers or sales representatives — or employment having little if anything to do with real estate investment.

119. Trump University was also aware that some of its instructors and mentors who had been investing in real estate had filed for Chapter 7 bankruptcy protection shortly before coming to work at Trump University, belying any claims of success as real estate investors.

120. Despite having been presented with information that candidates' claims were unverified or unsubstantiated, Trump University retained these individuals as seminar instructors, or as mentors to Trump Elite students.

Refund Practices

121. Trump University repeatedly failed to make refunds to students who did not receive the services promised, or in accordance with the three-day cooling-off period required by the Federal Trade Commission ("FTC"), 16 C.F.R. § 429 (the "FTC Rule").

122. The FTC Rule provides a three-day right of cancellation for consumers who are solicited to purchase goods or services at a place other than the seller's place of business — for example, those made at hotels and other temporary locations, such as Trump University's sales, which occurred predominantly at the seminar locations in hotel ballrooms and convention center meeting halls.

123. After students purchased the Trump Elite programs, Trump University representatives repeatedly refused to honor students' timely requests to rescind — claiming that Trump University did not permit any refunds with regard to the mentorship programs, or that the rescission period was only 24 hours.

124. Respondents also refused to honor a timely request for rescission by reiterating explicit promises of personal assistance, but then reneging on those promises after the three-day cooling-off period had expired and then ignoring demands for a refund.

125. Even in instances when Trump University did honor timely requests for rescission under the FTC Rule, it was often after a student's repeated requests over a period of weeks or months.

126. Trump University also routinely refused to provide refunds to students who complained of mentorships that were inadequate or incomplete.

127. Instead, typically Trump University was only willing to provide students with additional phone calls with a different mentor.

128. Often, it was only after a student made repeated attempts to contact Trump University, or contacted or threatened to contact his or her state attorney general, the BBB, or NYSED, that Trump University would finally provide a refund to the student.

Students' Lack of Promised Success and Financial Injury

129. Despite the hard work they expended attempting to invest in real estate, numerous Trump University students did not realize the successes that had been promised to them by their instructors and mentors — and in many instances ended up worse off than they had been before enrolling in any of Trump University's programs.

130. Trump University repeatedly told students they would quickly recoup the cost of expensive Trump University programs through successful real estate deals. Many students relied on explicit representations that they would make their money back in thirty or sixty days or on the first deal. Some students took on upwards of \$20,000 in credit card debt, often at the suggestion of Trump University speakers, that they are still paying off. One student lost her life savings, and

another had to downsize from a house to a studio apartment, as a result of their investments in the costly mentorship programs.

131. Trump University repeatedly failed to deliver what was promised — promises such as adequate training, available and knowledgeable mentors, and access to hard money lenders. And despite their expensive investments, students regularly failed to conclude even a single real estate transaction, let alone recoup the cost of the Trump University programs.

Liability of Donald Trump, Michael Sexton and the Trump Organization for the Acts and Practices of Trump University

Donald Trump

132. Donald Trump, both personally and through The Trump Organization, controlled many critical aspects of Trump University on a day-to-day basis — including the purse strings, the advertisements, legal and regulatory matters, and a host of other functions.

133. Donald Trump participated directly in the creation of Trump University and its operation. In fact, in a private action against Trump University in federal court, Trump has conceded that he had “significant involvement with both the operation and overall business strategy of Trump University,” including “attending frequent meetings” with Michael Sexton “to discuss Trump University’s operations.”

134. Donald Trump holds his stake in Trump University through two closely held corporations, DJT University Member LLC and DJT University Managing Member LLC, together giving him control of 92% of the equity in Trump University.

135. Donald Trump invested all of the initial capital into Trump University: \$1.8 million at first, with later contributions bringing the total to around \$2 million.

136. Donald Trump was designated as Trump University’s Chairman, a position he still holds today.

137. As described above, Donald Trump's photographs, signature, and quotes were prominently displayed on all of Trump University's newspaper advertisements and direct mail solicitations, the latter of which was typically styled as a letter from Donald Trump, with a logo at the top that just read "TRUMP" and "From the Office of Donald J. Trump" rather than "Trump University." Examples of statements directly from Donald Trump contained in advertisements and solicitations bearing Donald Trump's signature include:

- "I can turn anyone into a successful real estate investor, including you."
- "Are you the next DONALD TRUMP? Come Prove it to me!"
- "I want to give you the benefit of my experience – to show you what to do and *not do* in this fast-changing market."
- "Come to my **free** class. In just 90 minutes, my hand-picked instructors will share my techniques, which took my entire career to develop. Then, just copy exactly what I've done and get rich."
- "That's why I'm sharing my proprietary 'Blueprint For Real Estate Success' . . . knowledge that can **empower you to be the one who wins in this downturn.**"
- "My hand-picked instructors and mentors will show you how to use real estate strategies. . . With our simple instructions and practices exercises—and ongoing support from your own Trump Team of Experts—you'll have what you need to succeed!"

138. Donald Trump personally reviewed and approved each Trump University advertisement.

139. Donald Trump also personally participated in meetings to discuss Trump University's marketing materials.

140. Donald Trump also personally appeared in an introductory video that was shown to students at Trump University's free seminars.

141. Donald Trump is the putative co-author of several of the books provided to Trump University students — including *Trump 101* and *Wealth Building 101* — both of which

prominently profess Trump's desire to be an educator and his involvement with Trump University. And in the forward to Trump University Commercial Real Estate Investing 101, Donald Trump wrote that he "made sure that the curriculum is built on a rock-solid foundation of proven methods for building your business."

142. As noted above, Donald Trump was aware as early as 2005 that Trump University was operating without a license and that its use of the word "University" in its name violated New York Education Law. Indeed, the 2005 letter from NYSED regarding these violations was personally addressed to Donald Trump.

143. The sole signatories of the bank accounts of Trump University are Donald Trump himself, his three adult children, and Allen Weisselberg, Trump Organization's chief financial officer. None of these signatories were ever employees of Trump University LLC.

144. Indeed, when capital distributions were made to Donald Trump, first recompensing him for his initial capital contribution and then paying him up to \$5 million in profits, the checks were written to "Donald J. Trump" personally, rather than to the legal entities through which Donald Trump purportedly holds his stake, DJT University Member LLC and DJT University Managing Member LLC. Donald Trump was also the signatory on these checks. In fact, Trump University never made any payments to DJT University Member LLC and DJT University Managing Member LLC. After their initial creation in 2004, those corporate entities — which were the actual members of Trump University LLC and thus the rightful recipients of any capital distributions from it — were almost completely disregarded.

Michael Sexton

145. Respondent Michael Sexton actively participated in and had actual knowledge of many of the fraudulent and illegal acts of Trump University.

146. Sexton was President of Trump University from its inception in 2004 until late in 2010. He was one of the four members of Trump University LLC, with a 4.5% equity interest. He was involved in the creation of Trump University, including bringing the idea to Donald Trump in 2004 and meeting with him and Trump Organization employees to discuss its formation and the terms of the Trump University LLC agreement.

147. As President, he oversaw all of its operations, including, but not limited to, its finances, curriculum development, the scheduling and execution of its seminars and mentorship programs, and its reporting to employees of The Trump Organization and Donald Trump.

148. Moreover, as early as 2005, Sexton was aware that Trump University lacked proper licensing and was illegally referring to itself as a University, but despite promises to Joseph Frey at NYSED, Sexton ultimately took no action to rectify these persistent violations of New York law for nearly five years — and never rectified Trump University's evasion of New York licensure and regulatory laws.

The Trump Organization

149. Trump Organization also directed and controlled the acts and practices of Trump University and had knowledge of its fraudulent and illegal conduct.

150. Indeed, the Trump University LLC corporate form was regularly ignored. There were never any meetings of the members, no votes ever taken, and no minutes of meetings ever prepared.

151. Major corporate decisions were routinely made for Trump University LLC by individuals at Trump Organization who were not officers, directors, or employees of the company or of its members, such as the decisions to change Trump University's business model in 2005, or to wind down its operations in 2010 due to poor revenue performance.

152. Requests from Trump University management for additional capital were made directly to Jeff McConney, the Controller of the Trump Organization.

153. The Trump Organization controlled Trump University's bank accounts and expenditures. In order for Trump University LLC vendors to be paid, Trump University checks had to be sent from Trump University LLC at 40 Wall Street to Trump Organization Chief Financial Officer Allen Weisselberg at the Trump Tower on Fifth Avenue, for his review and signature.

154. Furthermore, for more than a year after the bank accounts were opened, Trump University Controller Steven Matejek could not even see the balances in the accounts until monthly statements arrived. This practice was only changed after Matejek made repeated requests that he be authorized to receive online access to the account information.

155. The Trump Organization also prohibited Trump University from having any corporate credit cards for routine expenses. Instead, Trump Organization employees instructed Trump University to put all such charges on a personal credit card, sometimes resulting in hundreds of thousands of dollars in charges in a single month. Payment of Trump University employees' credit card bills then had to be sent to Trump Organization for review and approval.

156. Further, Trump University provided at least monthly financial reports to Trump Organization containing numbers as well as narrative descriptions of whether financial metric targets for Trump University LLC were being met and, if not, the reasons why. Moreover, Trump University was required to make such regular financial reports to The Trump Organization, including quarterly and annual reports, and was reprimanded when such reports were tardy.

157. When Trump University began experiencing financial difficulties in late 2009 and into 2010, The Trump Organization allowed Trump University to remain in its office space at 40 Wall Street without paying any rent.

158. The Trump Organization also directly administered many of the other business functions of Trump University, often in minute detail, including its insurance policies, 401k retirement accounts, Internet domain names, e-mail addresses and systems, information technology "help desk" support for individual Trump University employees, and purchasing and maintaining individual licenses and contracts for Blackberry devices for Trump University employees.

159. In fact, Trump University's instructors and speakers routinely told audiences that they and their colleagues were appearing "on behalf of the Trump [O]rganization," or that they were "hand selected by the Trump Organization," and that students would be taught by, work with, and receive "support from the Trump [O]rganization."

160. The in-house lawyers at The Trump Organization also made decisions for Trump University when legal and regulatory issues arose such as the decision to cease operations in Texas after the Texas Attorney General commenced an investigation into Trump University.

161. Likewise, it was The Trump Organization that finally decided in 2010 to stop using the word "University" in its name.

FIRST CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
FRAUD

162. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding when any person or entity engages in repeated fraudulent acts in the operation of a business.

163. Fraud under Executive Law § 63(12) is broadly defined to include “any device, scheme or artifice to defraud and any deception, misrepresentation, concealment, suppression, false pretense, false promise or unconscionable contractual provisions.”

164. By reason of the conduct alleged above, respondents have engaged in repeated and persistent fraudulent conduct in violation of Executive Law § 63(12).

SECOND CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF GBL § 349

165. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

166. GBL § 349 prohibits deceptive acts and practices in the conduct of any business, trade, or commerce in the state of New York.

167. Respondents’ acts and practices, described above, are deceptive in violation of GBL § 349.

168. By their actions in violation of GBL § 349, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

THIRD CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF GBL § 350

169. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

170. GBL § 350 prohibits false advertising in the conduct of any business, trade, or commerce in the state of New York.

171. Respondents' acts and practices, described above, are in violation of GBL § 350.

172. By their actions in violation of GBL § 350, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

FOURTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF EDUCATION LAW § 224

173. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

174. Education Law § 224 prohibits conferral of a degree, or the use, advertisement, or transaction of business under the name "university" without possessing a special charter from the legislature or the regents of the State of New York.

175. Respondents' repeated and persistent use of the name "university" without possessing a special charter from the legislature or the regents of the State of New York violates Education Law § 224.

176. By their actions in violation of Education Law § 224, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

FIFTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF EDUCATION LAW ARTICLE 101, §§ 5001-5010, AND PART 126 OF
TITLE 8 OF THE NEW YORK CODES, RULES, AND REGULATIONS

177. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

178. Article 101 of the Education Law provides:

No private school which charges tuition or fees related to instruction . . . shall be operated by any person or persons, firm, corporation, or private organization for the purpose of teaching or giving instruction in any subject or subjects, unless it is licensed by the department.

N.Y. Educ. Law §5001(1).

179. Private schools licensed in accordance with Education Law § 5001(1) must comply with the requirements of Article 101 and regulations promulgated thereunder at Part 126 of Title 8 of the New York Codes, Rules, and Regulations, including:

- Prohibitions against false, misleading, deceptive, or fraudulent advertising consistent with Article 22-A of the General Business Law, N.Y. Educ. Law § 5002(7);
- A requirement that any individual paid to solicit or enroll any students unless the individual is a “salaried employee of the school” and has “secured a private school agent’s certificate” from NYSED, N.Y. Educ. Law § 5004(1)(a), with additional regulations of the timing of commission paid to such private school agents, *see id.* at § 5004(1)(c);
- Full refunds for students withdrawing within the first week of instruction, with partial refunds required up through the first four weeks of instruction, N.Y. Educ. Law § 5002(3)(b)(1), and all refunds paid within 45 days, *id.* at 5002(3)(g);
- Individual licensure of each teacher by NYSED, requiring, *inter alia*, at least a high-school diploma and at least two years’ practical experience in the subject matter taught, N.Y. Educ. Law § 5002(6); 8 NYCRR § 126.6(f);
- A director individually licensed by NYSED, with at least five years’ experience in the subject matter taught, teaching the subject matter, or in administration or supervision, N.Y. Educ. Law § 5002(6); 8 NYCRR § 126.6(d); and
- Funding of a “tuition reimbursement account” from which student refunds may be paid by NYSED if the school fails to honor a refund request, *see id.* at § 5007, including full refunds for all students when a school has closed or ceased operation, *id.* at § 5007(5)(b).

180. As set forth above, respondents have repeatedly and persistently violated Education Law Article 101, §§ 5001-5010, and regulations promulgated thereunder, by operating

an unlicensed private school and failing to comply with the legal requirements imposed on licensed private schools.

181. By their actions in violation of Education Law Article 101, §§ 5001-5010, and regulations promulgated thereunder, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

SIXTH CAUSE OF ACTION
VIOLATIONS OF EXECUTIVE LAW § 63(12)
VIOLATIONS OF 16 C.F.R. § 429

182. Executive Law § 63(12) authorizes the Attorney General to bring a special proceeding to enjoin repeated illegal acts or persistent illegality in the carrying on, conducting, or transaction of business.

183. Section 429 of Title 16 of the Code of Federal Regulations provides that it is an unfair or deceptive act or practice for a seller to fail to furnish the buyer with a contract that discloses the right to cancel the transaction within three business days and fails to inform the buyer orally of the buyer's right to cancel for sales at a place other than the seller's place of business, including those made at hotels and other temporary locations. *See* 16 C.F.R. § 429.0(a), 429.1.

184. Section 429 also provides that sellers must honor any notice of cancellation made within three business days and refund all payments made within ten business days of receipt of such notice. *See* 16 C.F.R. § 429.1(g).

185. As set forth above, respondents have repeatedly and persistently violated 16 C.F.R. § 429 by failing to honor notices of cancellation made within three business days and to refund all payments made within ten business days of receipt of such notice.

186. By their actions in violation of 16 C.F.R. § 429, respondents have engaged in repeated and persistent illegal conduct in violation of Executive Law § 63(12).

PRAYER FOR RELIEF

WHEREFORE, petitioner requests an order and judgment pursuant to Executive Law § 63(12) and GBL §§ 349, 350, and 350-d, Education Law §§ 224 and 5001-5010, and 16 C.F.R. § 429:

1. Permanently enjoining respondents from violating Executive Law § 63(12), GBL §§ 349 and 350, Education Law §§ 224 and 5001-5010, and 16 C.F.R. § 429, and from engaging in the fraudulent, deceptive, and illegal acts and practices alleged in the Verified Petition;
2. Directing respondents to render an accounting to the Office of the Attorney General of the name and address of each former customer of respondents, and the amount of money received from each such former customer;
3. Directing respondents to make full monetary restitution and pay damages to all injured persons or entities;
4. Directing respondents to produce an accounting of profits and to disgorge all profits resulting from the fraudulent and illegal practices alleged herein;
5. Directing respondents to pay a civil penalty to the State of New York of up to \$5,000.00 for each violation of GBL Article 22-A, pursuant to GBL § 350-d;
6. Awarding petitioner additional costs of \$2,000.00 against each respondent pursuant to CPLR § 8303(a)(6); and

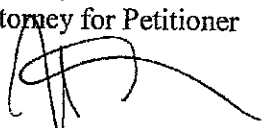
7. Granting such other and further relief as the Court deems just and proper.

Dated: New York, New York
August 24, 2013

Respectfully submitted,

ERIC T. SCHNEIDERMAN
Attorney General of the State of New York
Attorney for Petitioner

By:



TRISTAN C. SNELL
Assistant Attorney General
Bureau of Consumer Frauds and Protection
120 Broadway
New York, NY 10271
(212) 416-8294

Of Counsel:

JANE M. AZIA
Bureau Chief
Bureau of Consumer Frauds and Protection

LAURA A. LEVINE
Deputy Bureau Chief
Bureau of Consumer Frauds and Protection

MELVIN L. GOLDBERG
Assistant Attorney General
Bureau of Consumer Frauds and Protection

VERIFICATION


STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

TRISTAN C. SNELL, being duly sworn, deposes and says:

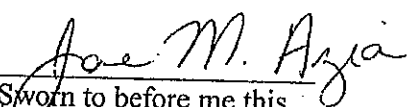
I am an Assistant Attorney General in the office of Eric T. Schneiderman, Attorney General of the State of New York, and am duly authorized to make this verification.

I have read the foregoing petition and know the contents thereof, which is to my knowledge true, except as to matters stated to be alleged on information and belief, and as to those matters, I believe them to be true. The grounds of my belief as to all matters stated upon information and belief are investigative materials contained in the files of the Attorney General's office.

The reason this verification is not made by petitioner is that petitioner is a body politic, and the Attorney General is its duly authorized representative.



TRISTAN C. SNELL
Assistant Attorney General


Sworn to before me this
24th day of August, 2013

JANE M. AZIA
Notary Public State of New York
No. 02AZ4067904
Qualified in Westchester County
Commission Expires May 31, 2014

Exhibit 13

SERVE: *
Osvaldo Tellez *
101 Wrightwood Place *
Sterling, VA 20164 *
Registered Agent *

and *

JOSEPH J. MAGNOLIA, INC. *
600 Gallatin Street, N.E. *
Washington, D.C. 20017 *

SERVE: *
TRAC – The Registered Agent Company *
1090 Vermont Avenue, NW, Suite 910 *
Washington, D.C. 20005 *
Registered Agent *

and *

FIDELITY AND DEPOSIT COMPANY *
OF MARYLAND *
1299 Zurich Way *
Schaumburg, IL 60196 *

Serve: *
Corporation Service Company *
1090 Vermont Avenue, N.W. *
Washington, D.C. 20005 *
Registered Agent *

Defendants.

* * * * *

**AMENDED COMPLAINT TO ESTABLISH AND ENFORCE MECHANIC'S LIEN TO
BE ENFORCED AS A JUDGMENT AGAINST TRUMP OLD POST OFFICE LLC AND
FIDELITY AND DEPOSIT COMPANY OF MARYLAND PURSUANT TO THE
MECHANIC'S LIEN UNDERTAKING**

Plaintiff, AES Electrical, Inc. d/b/a Freestate Electrical Construction Company
("Freestate"), by undersigned counsel, for its Complaint to Establish and Enforce Mechanic's Lien
to be Enforced as a Judgment against Trump Old Post Office LLC ("Trump") and Fidelity and

Deposit Company of Maryland ("Fidelity") Pursuant to the Mechanic's Lien Undertaking and Order of the Court dated January 30, 2017, and including the additional Defendants required by the mechanic's lien statute: Lend Lease (US) Construction, Inc. ("Lend Lease"), A&D Construction of Virginia LLC ("A&D"), and Joseph J. Magnolia, Inc. ("Magnolia"), respectfully states as follows:

THE PARTIES

1. Plaintiff, Freestate, is a California corporation maintaining a principal office address of 13335 Mid Atlantic Boulevard, Laurel, Maryland 20708. Plaintiff is properly registered to do business in the District of Columbia and is a licensed electrical contractor in the District of Columbia.

2. Defendant, Trump, is a Delaware limited liability company with a principal place of business located in Woodbury, New York and is registered to do business in the District of Columbia.

3. Defendant, Trump, is the owner of a leasehold interest in the real property at issue in this litigation located in the District of Columbia, and described as Square 323 and Lots 802 and 804 and Square 324 and Lots 808, 809, 812, 7000, 7001, and 7002, with a street address of 1100 Pennsylvania Avenue NW, Washington D.C. 20004 (the "Property"). The hotel located on the property is known as the Trump International Hotel Washington, D.C. (the "Trump Hotel").

4. The United States of America, acting by and through the Administrator of General Services Portfolio Management ("GSA") as Landlord, leased the Property to Trump as Tenant pursuant to a lease (the "Lease") dated August 5, 2013. A memorandum of lease (the "Memorandum of Lease") was recorded in the official records of the District of Columbia

Recorder of Deeds at Document No. 2013095328. A copy of the Memorandum of Lease is attached hereto as **Exhibit 1**.

5. GSA and Trump entered into a confirmation agreement (the "Confirmation Agreement") recorded in the official records of the District of Columbia Recorder of Deeds on May 7, 2014 at Document No. 2014040129. A copy of the Confirmation Agreement is attached hereto as **Exhibit 2**. In the Confirmation Agreement, GSA and Trump confirm the leased premises as defined in the Memorandum of Lease is as more particularly described in Schedule 1 attached to the Confirmation Agreement.

6. Trump also entered into a Leasehold Deed of Trust, Assignment of Leases and Rents, Fixture Filing and Security Agreement (the "Deed of Trust") recorded in the official records of the District of Columbia Recorder of Deeds on August 12, 2014 at Document No. 2014073616. A copy of the Deed of Trust is attached hereto as **Exhibit 3**. The Deed of Trust also contains a further updated legal description of the leased premises. The legal description of the leased Property as set forth in the Confirmation Agreement and Deed of Trust is adopted and incorporated by reference herein.

7. Defendant, Lend Lease, is a Florida corporation with a principal place of business located in New York, New York and is not registered to do business in the District of Columbia. Lend Lease is engaged in business as a construction general contractor/construction manager. Lend Lease was the general contractor/construction manager for the construction project located on the Property at issue in this litigation, located within the District of Columbia.

8. Defendant, A&D, is a Virginia limited liability company with a principal place of business located in Sterling, Virginia and is registered to do business in the District of Columbia.

A&D is claiming an interest in the Property pursuant to a Notice of Mechanic's Lien recorded in the land records of the District of Columbia on November 14, 2016 at Document No. 2016117375.

9. Defendant, Magnolia, is a Maryland corporation with a principal place of business located in Washington, D.C. and is registered to do business in the District of Columbia. Magnolia is claiming an interest in the Property pursuant to a Notice of Mechanic's Lien recorded in the land records of the District of Columbia on or about December 21, 2016 at Document No. 2016133190.

10. Defendant, Fidelity, is a Maryland insurance and surety company with a principal place of business located in Schaumburg, IL and is a registered insurance and surety company in the District of Columbia.

11. Fidelity and Trump are the parties to a Mechanic's Lien Undertaking filed in this action by Trump and accepted by the Court in its Order entered on January 30, 2017, pursuant to which both Trump and Fidelity agreed to pay and satisfy any judgment entered in this case in favor of Freestate and agreed that Fidelity is ipso facto made a party to this suit.

Jurisdiction

12. The Superior Court for the District of Columbia has subject matter jurisdiction over the claims asserted herein in accordance with D.C. Code Section 11-921 and D.C. Code Section 40-301.01 *et seq.* (the "Mechanic's Lien Statute").

13. The Superior Court for the District of Columbia has personal jurisdiction over all Defendants by virtue of their interest in the real property at issue in this litigation located in the District of Columbia and pursuant to D.C. Code Section 13-423.

Factual Background

14. Lend Lease entered into a contract with Trump (the "Prime Contract") for the renovation of the historical Old Post Office building located on the Property in order to convert it into the Trump Hotel (the "Project" and/or "Hotel").

15. Lend Lease entered into a subcontract with Freestate (the "Subcontract") pursuant to which Freestate performed electrical work required by the Prime Contract for the Project.

16. Freestate performed electrical work as required by its Subcontract as well as directed change work during the period between September 29, 2014 through the date of this filing, including minor post completion items of Freestate's work.

17. Freestate remains unpaid for electrical work performed and labor, material and services provided on the Project, in the amount of \$2,075,731.61, calculated as follows:

Original Contract Amt	\$13,400,000.00
Approved Change Orders	<u>\$2,156,722.00</u>
Total Adjusted Approved Contract Amt	\$15,556,722.00
Total Pending Change Order Amt	\$1,649,277.00
Total Earned	\$17,205,999.00
Paid to Date	<u>(\$15,130,267.39)</u>
Total Due	\$2,075,731.61

18. The total amount due consists of the following components: (1) \$388,817.98 in unpaid retainage on work performed; (2) \$37,636.63 in unpaid progress billings for base contract and approved change work performed; and (3) \$1,649,277.00 in unpaid change work performed for which Trump has refused to approve, by way of a change order, and has refused to pay.

19. Freestate incurred the majority of the change work costs because of Trump's directives, delivered through Lend Lease, to accelerate work and to perform extra work on the Project in order to permit the "soft opening" of the Trump Hotel by September 12, 2016, due to the fact that Trump had booked paid events and had planned for the use of Hotel rooms on or

about that date. Before this could happen, Freestate's electrical work and fire alarm work had to be completed, inspected and approved by DC code officials.

20. At the time of the "soft opening," Donald J. Trump, President of Defendant, Trump Old Post Office, LLC, was a U.S. presidential candidate and the "soft opening" had to occur to permit Mr. Trump's nationally televised campaign event from the Hotel on September 16, 2016, which was to honor U.S. veterans. But for Freestate's acceleration of work and performance of extra work on the Project, this event would not have been able to occur.

21. Acceleration of Freestate's work required Freestate's crews to work nonstop, seven days per week, 10 to 14 hours per day, for nearly 50 consecutive days, prior to the "soft opening," at significant additional cost and expense for which Freestate expected payment.

22. Subsequent to the Hotel's "soft opening", Freestate was required to continue its acceleration efforts and the performance of extra work in order to permit the "grand opening" of the Trump Hotel by October 26, 2016.

23. The "grand opening" of the Trump Hotel by this date, was also a nationally covered event, which was planned just prior to the U.S. presidential election in early November 2016, to provide an opportunity for positive press coverage for Mr. Trump's presidential campaign.

24. Although Mr. Trump's Hotel has now been opened and has operated for business since September 2016, and despite the fact that Mr. Trump was successfully elected as the next U.S. President, Trump refuses to pay the sums due for the account of work of subcontractors, like Freestate.

25. In this regard, Freestate attempted to invoice for retainage in its December 2016 payment requisition but, based on information from Lend Lease, Trump required subcontractors to delete requests for payment of retainage and resubmit their requisitions, unless the

subcontractors would agree to a significantly reduced payment for unpaid submitted change work and Project acceleration costs.

26. Further, despite the fact that Trump has acknowledged Freestate's entitlement to payment for change work and acceleration costs, Trump through Lend Lease, has offered to pay only a third of the value of Freestate's submitted costs for such work. In addition, Trump has refused to pay any retainage until Freestate agrees to accept Trump's unreasonable offer (essentially holding Freestate's retainage sums hostage unless and until Freestate capitulates to Trump's unreasonably low payment offer).

27. Lend Lease contends that, until payment from Trump is received for the account of work performed by Freestate, Lend Lease is under no obligation to pay Freestate.

28. On information and belief, Trump's actions in refusing to pay for work performed, after a project has opened, is a repeated practice of the Trump organizations on various projects; evidencing a typical business practice meant to force subcontractors to accept "pennies on the dollar" with respect to amounts owed for the cost of the work performed.

29. All conditions precedent to the filing of this action have occurred or were waived by the Defendants.

COUNT I

(Establishment and Enforcement of Mechanic's Lien)

30. The allegations set forth in paragraphs 1-29 above are incorporated herein by reference as if set forth in full.

31. On December 27, 2016 within the time and in the manner prescribed by statute, Plaintiff filed a Notice of Mechanic's Lien in the Office of the Recorder of Deeds for the District of Columbia, the same being recorded at Instrument Number 20166134999 (the "Notice"). A true

and accurate copy of the Notice is attached hereto as **Exhibit 4** and incorporated herein by reference.

32. Copies of the Notice were sent to Trump's resident agent via certified mail on December 27, 2016 and received by Trump's resident agent via certified mail on December 29, 2016 at Trump's resident agent's address (as listed on the face of the Notice and as shown in the tracking information and certified mailing receipt attached hereto as **Exhibit 5**).

33. Trump/Lend Lease are indebted to Freestate in the amount of \$2,075,731.61 for labor and materials supplied to the Project and the Property by Freestate.

34. Trump/Lend Lease have failed to pay the \$2,075,731.61 due for labor and materials supplied to the Project and the Property by Freestate.

35. The Notice was recorded during the Project and therefore before 90 days after the earlier of the completion or termination of the project. Although the Trump Hotel has opened, all work on the Project has not yet been deemed finally completed.

36. This Complaint is filed in the manner and within the time prescribed by statute.

WHEREFORE, AES Electrical, Inc. d/b/a Freestate Electrical Service Company respectfully requests this Court Order the following:

a. Enter judgment in favor of AES Electrical, Inc. d/b/a Freestate Electrical Service Company as to the validity and amount of AES Electrical, Inc. d/b/a Freestate Electrical Service Company's mechanic's lien;

b. In lieu of selling the property to satisfy the lien that would otherwise be the method of recovery under the mechanic's lien statute, and in accordance with the Undertaking and January 30, 2017 Order of the Court, enter judgment in favor of AES Electrical, Inc. d/b/a Freestate

Electrical Service Company in the amount of \$2,075,731.61 plus costs and interest against Trump Old Post Office LLC and Fidelity and Deposit Company of Maryland; and

c. Grant such other and further relief as the Court may deem just and equitable.

Respectfully submitted,

BY: /s/ Nicole L. Campbell

Roger C. Jones, D.C. Bar #994634
Nicole L. Campbell, D.C. Bar #498490
Huddles Jones Sorteberg & Dacheille, P.C.
10211 Wincopin Circle, Suite 200
Columbia, Maryland 21044
(410) 720-0072 (Telephone)
(410) 720-0329 (Facsimile)
jones@constructionlaw.com
campbell@constructionlaw.com

Attorneys for Plaintiff,
AES Electrical, Inc. d/b/a
Freestate Electrical Construction Company

CERTIFICATE OF SERVICE

In addition to service upon the foregoing resident agents with the summons and original Complaint, I hereby certify that on this 13th day of February, 2017, a copy of the foregoing was served upon the following by Email and United States Mail, postage prepaid:

Jason N. Smith
SEYFARTH SHAW LLP
975 F Street, NW
Washington, DC 20004
Attorneys for Respondent,
TRUMP OLD POST OFFICE, LLC

/s/ Nicole L. Campbell
Nicole L. Campbell

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION

AES ELECTRICAL d/b/a
FREESTATE ELECTRICAL
CONSTRUCTION COMPANY

Plaintiff,

v.

TRUMP OLD POST OFFICE LLC
c/o THE TRUMP ORGANIZATION,
ET AL.

Defendants.

Case No. 2017 CA 000369 R(RP)
Action Involving Real Property
Judge Wingo
Initial Conference April 28, 2017

* * * * *

NOTICE OF DISMISSAL

Pursuant to Rule 41 (a)(1)(i), Plaintiff, AES Electrical d/b/a Freestate Electrical Construction Company, by and through its undersigned counsel, hereby provides notice of dismissal of this matter with prejudice as to all defendants.

Respectfully submitted,

BY: /s/ Nicole L. Campbell

Roger C. Jones, D.C. Bar #994634

Nicole L. Campbell, D.C. Bar #498490

Huddles Jones Sorteberg & Dachille, P.C.

10211 Wincopin Circle, Suite 200

Columbia, Maryland 21044

(410) 720-0072 (Telephone)

(410) 720-0329 (Facsimile)

jones@constructionlaw.com

campbell@constructionlaw.com

Attorneys for Plaintiff,
AES Electrical, Inc. d/b/a
Freestate Electrical Construction Company

CERTIFICATE OF SERVICE

I hereby certify that on this 31st day of March, 2017, a copy of the foregoing was served upon the following by Email and United States Mail, postage prepaid:

Matthew D. Foster, Esquire
PEPPER HAMILTON LLP
600 14th Street, N.W., Suite 500
Washington, D.C. 20005
fosterm@pepperlaw.com
Attorney for Trump Old Post Office, LLC and
Fidelity and Deposit Company of Maryland

Shelly Ewald, Esq. (DC Bar No.1019178)
Hanna Lee Blake, Esq. (DC Bar No. 992512)
Watt, Tieder, Hoffar & Fitzgerald, LLP
1765 Greensboro Station Place, Suite 1000
McLean, Virginia 22102
sewald@watttieder.com
hblake@watttieder.com
Counsel for Lend Lease (US) Construction, Inc.

Lend Lease (US) Construction Inc.
c/o Michael G. Serafino, Esq.
Chief Compliance & Litigation Officer
Lendlease Americas Inc.
200 Park Avenue, 9th Floor
New York, NY 10166

Joseph J. Magnolia, Inc.
c/o TRAC – The Registered Agent Company
1090 Vermont Avenue, N.W., Suite 910
Washington, D.C. 20005
Registered Agent

/s/ Nicole L. Campbell
Nicole L. Campbell

Exhibit 14

OCT 15 10 05 AM '73

UNITED STATES DISTRICT COURT FOR THE
EASTERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA,
Plaintiff,

v.

FRED C. TRUMP, DONALD TRUMP
and TRUMP MANAGEMENT INC.,
Defendants.

73C 1529

CIVIL ACTION NO. _____

COMPLAINT FOR INJUNCTION
PURSUANT TO FAIR HOUSING
ACT OF 1968, 42 U.S.C.
3601, et seq.

The United States of America alleges:

1. This is an action brought pursuant to 42 U.S.C. 3613 seeking to remedy violations of the Fair Housing Act, Title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601, et seq.

2. This Court has jurisdiction of this action under 28 U.S.C. 1345 and 42 U.S.C. 3613.

3. Defendant Trump Management Inc., which is a New York corporation, doing business in the Eastern District of New York, manages and operates numerous apartment buildings, totalling at least 14,000 dwelling units in the New York area and elsewhere. Defendant Fred C. Trump is the principal stockholder and Chairman of the Board of Directors of Trump Management Inc. Defendant Donald Trump is president of Trump Management Inc. The defendants Fred C. Trump and Donald Trump transact business in New York and are responsible for the policies and practices of Trump Management Inc.

①

4. The apartment buildings and complexes managed by Trump Management Inc. are dwellings within the meaning of 42 U.S.C. 3602(b).

5. The defendants, through the actions of their agents and employees, have discriminated against persons because of race in the operation of their apartment buildings, among other ways, by:

(a) Refusing to rent dwellings and negotiate for the rental of dwellings with persons because of race and color, in violation of Section 804(a) of the Fair Housing Act of 1968, 42 U.S.C. 3604(a).

(b) Requiring different terms and conditions with respect to the rental of dwellings because of race and color, in violation of Section 804(b) of the Fair Housing Act of 1968, 42 U.S.C. 3604(b).

(c) Making and causing to be made statements with respect to the rental of dwellings which indicate a preference, limitation and discrimination based on race and color in violation of Section 804(c) of the Fair Housing Act of 1968, 42 U.S.C. 3604(c).

(d) Representing to persons because of race and color that dwellings are not available for inspection and rental when such dwellings are in fact so available, in violation of Section 804(d) of the Fair Housing Act of 1968, 42 U.S.C. 3604(d).

6. The defendants' conduct described in the preceding paragraph constitutes:

(a) A pattern and practice of resistance by the defendants to the full enjoyment of rights secured by Title VIII of the Fair Housing Act of 1968, 42 U.S.C. 3601 et seq; and

(b) A denial to groups of persons of rights granted by Title VIII of the Fair Housing Act of 1968, 42 U.S.C. 3601 et seq., which denial raises an issue of general public importance.

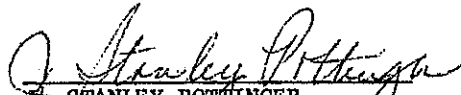
WHEREFORE the plaintiff prays that the Court enter an Order enjoining the defendants, their employees, agents, and successors and all those in active concert and participation with any of them, from:


(a) Discriminating against any person on the basis of race, color, religion or national origin, with respect to any right secured by the Fair Housing Act of 1968, 42 U.S.C. 3601 et seq.

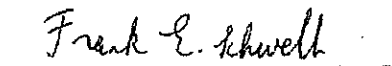
(b) Failing or refusing to take adequate affirmative steps to correct the effects of their past discriminatory policies and practices. Plaintiff further prays for such


additional relief as the interests of justice
may require, together with the costs and dis-
bursements of this action.


ELLIOT L. RICHARDSON
Attorney General


J. STANLEY POTTINGER
Assistant Attorney General


ROBERT A. MORSE *by W. B. Bantel*
United States Attorney


FRANK E. SCHWELB
Chief, Housing Section
Civil Rights Division
Department of Justice


ELYSE S. GOLDWEBER
Attorney, Housing Section
Civil Rights Division
Department of Justice

United States District Court

OCT 29 1973

FOR THE

THEAT
EASTERN DISTRICT OF NEW YORK PM

CIVIL ACTION FILE NO.

UNITED STATES OF AMERICA,

Plaintiff

v.

FRED C. TRUMP, DONALD TRUMP
and TRUMP MANAGEMENT, INC.,

Defendants

SUMMONS

730 1529

RECEIVED
U.S. DISTRICT COURT
E.D.N.Y.
OCT 15 1973

To the above named Defendant :

You are hereby summoned and required to serve upon ROBERT A. MORSE, United
States Attorney for the Eastern District of New York,

plaintiff's attorney , whose address is 225 Cadman Plaza East, Brooklyn, New York,
11201,

an answer to the complaint which is herewith served upon you, within 20 days after service
of this summons upon you, exclusive of the day of service. If you fail to do so, judgement by default
will be taken against you for the relief demanded in the complaint.

LEWIS ORGEL

Clerk of Court.

Linda Lane

Deputy Clerk.

Date: October 15, 1973

[Seal of Court]

Note:—This summons is issued pursuant to Rule 4 of the Federal Rules of Civil Procedure.

2

U.S. MARSHALS SERVICE
INSTRUCTION AND PROCESS RECORD

INSTRUCTIONS: See "INSTRUCTIONS FOR SERVICE OF PROCESS BY THE U.S. MARSHAL" on the reverse of the last (No. 5) copy of this form. Please type or print legibly, insuring readability of all copies. Do not detach any copies.

PLAINTIFF UNITED STATES OF AMERICA		COURT NUMBER 73-C-1529
DEFENDANT FRED C. TRUMP, et al.		TYPE OF WRIT Summons & Complaint
SERVE	NAME OF INDIVIDUAL, COMPANY, CORPORATION, ETC., TO SERVE OR DESCRIPTION OF PROPERTY TO SEIZE OR CONDEMN FRED C. TRUMP	
AT	ADDRESS (Street or RFD, Apartment No., City, State and ZIP Code) 200 Garden City Plaza, Garden City, N. Y. 600 Avenue Z, Brooklyn, New York (SH 3-4400)	

SEND NOTICE OF SERVICE COPY TO NAME AND ADDRESS BELOW:

Henry A. Brachtel, AUSA
U. S. Courthouse
225 Cadman Plaza East
Brooklyn, New York 11201

Show number of this writ and total number of writs submitted, i.e., 1 of 1, 1 of 3, etc.

NO.	1	OF	3
-----	---	----	---

CHECK IF APPLICABLE:

☐ One copy for U. S. Attorney or designee and two copies for Attorney General of the U. S. included.

SHOW IN THE SPACE BELOW AND TO THE LEFT ANY SPECIAL INSTRUCTIONS OR OTHER INFORMATION PERTINENT TO SERVING THE WRIT DESCRIBED ABOVE.

SPECIAL INSTRUCTIONS:

NAME AND SIGNATURE OF ATTORNEY OR OTHER ORIGINATOR Henry A. Brachtel, Assistant U. S. Attorney	TELEPHONE NUMBER 596-3563	DATE 10/15/73
--	-------------------------------------	-------------------------

SPACE BELOW FOR USE OF U.S. MARSHAL ONLY - DO NOT WRITE BELOW THIS LINE

Show amount of deposit (or applicable code) and sign USM-285 for first writ only if more than one writ submitted.	DEPOSIT CODE C	DIST. OF ORIGIN SS	DISTRICT TO SERVE SS	LOCATION OF SUB-OFFICE OF DIST. TO SERVE
I acknowledge receipt for the total number of writs indicated and for the deposit (if applicable) shown.	SIGNATURE OF AUTHORIZED USMS DEPUTY OR CLERK Geraldine C. Moody			DATE 10-15-73

☒ I hereby certify and return that I have personally served, have legal evidence of service, or have executed as shown in "REMARKS," the writ described on the individual, company, corporation, etc., at the address shown above or on the individual, company, corporation, etc., at the address inserted below.

☐ I hereby certify and return that, after diligent investigation, I am unable to locate the individual, company, corporation, etc., named above within this Judicial District.

NAME AND TITLE OF INDIVIDUAL SERVED (If not shown above)	<input type="checkbox"/> A person of suitable age and discretion then abiding in the defendant's usual place of abode.
ADDRESS (Complete only if different than shown above)	FEE (If applicable) \$ 3.00
	MILEAGE \$ —

DATE(S) OF ENDEAVOR (Use Remarks if necessary)	DATE OF SERVICE 10/16/73	TIME 4:44 PM	SIGNATURE OF U. S. MARSHAL OR DEPUTY William J. Salischi
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REMARKS

U.S. MARSHALS SERVICE
INSTRUCTION AND PROCESS RECORD

INSTRUCTIONS: See "INSTRUCTIONS FOR SERVICE OF PROCESS BY THE U.S. MARSHAL" on the reverse of the last (No. 5) copy of this form. Please type or print legibly, insuring readability of all copies. Do not detach any copies.

PLAINTIFF UNITED STATES OF AMERICA		COURT NUMBER 73-C-1529
DEFENDANT FRED C. TRUMP, et al.		TYPE OF WRIT Summons & Complaint
SERVE	NAME OF INDIVIDUAL, COMPANY, CORPORATION, ETC., TO SERVE OR DESCRIPTION OF PROPERTY TO SEIZE OR CONDEMN	
AT	DONALD TRUMP ADDRESS (Street or RFD, Apartment No., City, State and ZIP Code) 600 Avenue Z, Brooklyn, New York (SH3-4400) 200 Garden City Plaza, Garden City, N. Y.	

SEND NOTICE OF SERVICE COPY TO NAME AND ADDRESS BELOW:

Henry A. Bracht1, AUSA
U. S. Courthouse
225 Cadman Plaza East
Brooklyn, New York 11201

Show number of this writ and total number of writs submitted, i.e., 1 of 1, 1 of 3, etc.	NO.	TOTAL
	2	3
CHECK IF APPLICABLE:		
<input type="checkbox"/> One copy for U. S. Attorney or designee and two copies for Attorney General of the U. S. included.		
SHOW IN THE SPACE BELOW AND TO THE LEFT ANY SPECIAL INSTRUCTIONS OR OTHER INFORMATION PERTINENT TO SERVING THE WRIT DESCRIBED ABOVE.		

SPECIAL INSTRUCTIONS:

NAME AND SIGNATURE OF ATTORNEY OR OTHER ORIGINATOR Henry A. Bracht1, Assistant U. S. Attorney	TELEPHONE NUMBER 596-3563	DATE 10/15/73
---	-------------------------------------	-------------------------

SPACE BELOW FOR USE OF U.S. MARSHAL ONLY - DO NOT WRITE BELOW THIS LINE

Show amount of deposit (or applicable code) and sign USM-285 for first writ only if more than one writ submitted.	DEPOSIT/CODE	DIST. OF ORIGIN	DISTRICT TO SERVE	LOCATION OF SUB-OFFICE OF DIST. TO SERVE
		SS	SS	
I acknowledge receipt for the total number of writs indicated and for the deposit (if applicable) shown.	SIGNATURE OF AUTHORIZED USMS DEPUTY OR CLERK			DATE 10-15-73

☒ I hereby certify and return that I have personally served, have legal evidence of service, or have executed as shown in "REMARKS," the writ described on the individual, company, corporation, etc., at the address shown above or on the individual, company, corporation, etc., at the address inserted below.

☐ I hereby certify and return that, after diligent investigation, I am unable to locate the individual, company, corporation, etc., named above within this Judicial District.

NAME AND TITLE OF INDIVIDUAL SERVED (If not shown above)	<input type="checkbox"/> A person of suitable age and discretion then abiding in the defendant's usual place of abode.
ADDRESS (Complete only if different than shown above)	FEE (If applicable) \$ 3.00
	MILEAGE \$ 2.88

DATE(S) OF ENDEAVOR (Use Remarks if necessary)	DATE OF SERVICE 10/16/73	TIME 4PM	SIGNATURE OF U.S. MARSHAL OR DEPUTY <i>Sullivan J. Halish</i>
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REMARKS

U.S. MARSHALS SERVICE
INSTRUCTION AND PROCESS RECORD

INSTRUCTIONS: See "INSTRUCTIONS FOR SERVICE OF PROCESS BY THE U.S. MARSHAL" on the reverse of the last (No. 5) copy of this form. Please type or print legibly, insuring readability of all copies. Do not detach any copies.

PLAINTIFF
UNITED STATES OF AMERICA

DEFENDANT
FRED C. TRUMP, et al.

COURT NUMBER
73-C-1529

TYPE OF WRIT
Summons & Complaint

SERVE NAME OF INDIVIDUAL, COMPANY, CORPORATION, ETC., TO SERVE OR DESCRIPTION OF PROPERTY TO SEIZE OR CONDEMN

TRUMP MANAGEMENT, INC.

ADDRESS (Street or RFD, Apartment No., City, State and ZIP Code)

600 Avenue Z, Brooklyn, New York
200 Garden City Plaza, Garden City, N. Y.

(SH3-4400)

AT

SEND NOTICE OF SERVICE COPY TO NAME AND ADDRESS BELOW:

Henry A. Brachtl, AUSA
U. S. Courthouse
225 Cadman Plaza East
Brooklyn, New York 11201

Show number of this writ and total number of writs submitted, i.e., 1 of 1, 1 of 3, etc.

NO. 3 OF 3

CHECK IF APPLICABLE:

☐ One copy for U. S. Attorney or designee and two copies for Attorney General of the U. S. included.

SHOW IN THE SPACE BELOW AND TO THE LEFT ANY SPECIAL INSTRUCTIONS OR OTHER INFORMATION PERTINENT TO SERVING THE WRIT DESCRIBED ABOVE.

SPECIAL INSTRUCTIONS:

Defendant Fred C. Trump is Chairman of the Bd. of Directors, and Donald Trump is president of the above named corporation.

NAME AND SIGNATURE OF ATTORNEY OR OTHER ORIGINATOR

Henry A. Brachtl, Assistant U. S. Attorney

TELEPHONE NUMBER

596-3563

DATE

10/15/73

SPACE BELOW FOR USE OF U.S. MARSHAL ONLY - DO NOT WRITE BELOW THIS LINE

Show amount of deposit (or applicable code) and sign USM-285 for first writ only if more than one writ submitted.

DEPOSIT/CODE

DIST. OF ORIGIN

DISTRICT TO SERVE

LOCATION OF SUB-OFFICE OF DIST. TO SERVE

I acknowledge receipt for the total number of writs indicated and for the deposit (if applicable) shown.

SIGNATURE OF AUTHORIZED USMS DEPUTY OR CLERK

DATE

10-15-73

☒ I hereby certify and return that I have personally served, have legal evidence of service, or have executed as shown in "REMARKS," the writ described on the individual, company, corporation, etc., at the address shown above or on the individual, company, corporation, etc., at the address inserted below.

☐ I hereby certify and return that, after diligent investigation, I am unable to locate the individual, company, corporation, etc., named above within this judicial District.

NAME AND TITLE OF INDIVIDUAL SERVED (If not shown above)

DONALD TRUMP, PRESIDENT

ADDRESS (Complete only if different than shown above)

☒ A person of suitable age and discretion then abiding in the defendant's usual place of abode.

FEE (If applicable)

\$3.00

MILEAGE

\$ -

DATE(S) OF ENDEAVOR (Use Remarks if necessary)

DATE OF SERVICE

10/16/73

TIME

AM

SIGNATURE OF U.S. MARSHAL OR DEPUTY

William J. Polinski

REMARKS

Exhibit 15

ALCSED

CIS:HAB:ec UNITED STATES DISTRICT COURT
F. # EASTERN DISTRICT OF NEW YORK

FILED
IN CLERK'S OFFICE
U. S. DISTRICT COURT E.D. N.Y.

JUN 10 1975

----- X

UNITED STATES OF AMERICA,

Plaintiff,

- against -

FRED C. TRUMP, DONALD TRUMP
and TRUMP MANAGEMENT, INC.,

Defendants.

TIME A.M.
P.M.

CONSENT ORDER

Civil Action
No. 73 C 1529

----- X M'FILMED

This action was instituted by the United States of America on October 15, 1973, pursuant to the Fair Housing Act of 1968, 42 U.S.C. §3601 et seq.

The claim of the United States is that the defendants have failed and neglected to exercise their affirmative and nondelegable duty under the Fair Housing Act to assure compliance by their subordinates, with the result that equal housing opportunity has been denied to substantial numbers of persons and that defendant's subordinates have failed to carry out their obligations under the Act.

Defendants vigorously deny said allegations.

Accordingly, without adjudication of the merit and without any admission as to the existence or absence of liability, and in order to resolve this matter without further protracted litigation, the parties hereto are prepared to resolve this case by the entry of a Consent Decree.

73

It is expressly understood and agreed that the execution of this Agreement by Trump Management, Inc., is in no way an admission by it of a violation of the prohibition against discrimination as set forth in the Fair Housing Act of 1968, or any other applicable statute, rule or regulation.

Irrespective of the merits of the complaint, however, the principal officers of defendant Trump Management, Inc., are prepared to affirmatively assume and carry out the responsibility for assuring that their employees will comply with the Act and will promote equal opportunity. Accordingly, the parties are prepared to resolve this case by the entry of the following Consent Order.

I.

It is hereby ORDERED, ADJUDGED and DECREED that in consideration of their affirmative assumption of responsibility contained in part III herein, the complaint against Fred C. Trump and Donald J. Trump is dismissed against them in their personal capacity, with prejudice, as to all allegations contained therein, and predating this Order.

II.

INJUNCTION

It is hereby ORDERED, ADJUDGED and DECREED that the defendant, its officers, agents, employees, successors, and all persons in active concert or participation with any of them, are hereby permanently enjoined from:

GENERAL INJUNCTIVE PROVISIONS

1. Refusing to sell or rent, refusing to negotiate for the sale or rental of, or otherwise making unavailable or denying any dwelling to any person on account of race, color, religion, sex or national origin.

2. Discriminating against any person in the terms, conditions, or privileges of sale or rental of a dwelling, or in the provision of services or facilities in connection therewith, because of race, color, religion, sex or national origin.

3. Making, printing, or publishing, or causing to be made, printed, or published, any notice, statement or advertisement with respect to the sale or rental of a dwelling that indicates any preference, limitation, or discrimination based on race, color, religion, sex or national origin, or an intention to make such preference, limitation or discrimination.

4. Representing to any person because of race, color, religion, sex or national origin that any dwelling is not available for inspection, sale or rental when such dwelling is in fact so available.

5. Influencing the residential choice of any person on account of race, color, religion, sex or national origin.

6. Coercing, threatening, or interfering with, or attempting to coerce, threaten or interfere with any person in the exercise or enjoyment of the right to equal housing opportunity protected by the Fair Housing Act of 1968, or in the exercise or enjoyment of the right to assist others to secure equal housing opportunity.

7. Engaging in any act or practice which has the purpose or the effect of denying or abridging the right to equal housing opportunity protected by the Fair Housing Act. In this connection, defendants shall not, in determining the income qualification for rental of any person, family, or other group of persons, fail or refuse to fully count a woman's total income, including salary, wages, alimony, support payments or other income from whatever source received.

III

ASSUMPTION OF RESPONSIBILITY BY PRINCIPALS OF TRUMP MANAGEMENT INC., AND TRAINING PROGRAM FOR AGENTS AND EMPLOYEES

Trump Management Inc., controls many thousands of rental units in the New York area and elsewhere, and its activities therefore have a major impact on housing opportunities. The company therefore occupies a position of leadership in the real estate community and can, by its example, influence the activities not only of its own agents and employees but also of many others. The Fair Housing Act prohibits conduct which is discriminatory in its effect, regardless of motivation, and violations of the Act can result from thoughtlessness and lack of information, as well as from deliberate discrimination.

Accordingly, it is ORDERED as follows:

A. The principal officers of Trump Management, Inc., shall forthwith

(1) thoroughly acquaint themselves personally on a detailed basis with all of the obligations of the defendant under the Fair Housing Act of 1968, as amended and as judicially interpreted; under state and municipal civil rights laws; under pertinent Regulations and Guidelines of the Department of Housing and Urban Development and other appropriate agencies; and under this Order;

(2) Take steps to assure that their principal assistants and officers similarly familiarize themselves with their obligations; and

(3) Personally undertake to assure that the training program set forth herein is successfully carried out.

B. Within thirty (30) days of the entry of this Decree, the Defendant by its principal officers, shall conduct and complete an educational program for all employees with rental or employment responsibilities, who have contact with prospective tenants, provide information to the public about rental, or accept or process applications for rentals, or who are engaged in any manner in the employment process, to inform them of the provisions of this Decree, and their duties under the Fair Housing Act of 1968. Such program shall include:

(1) Furnishing to each such agent and employee a letter summarizing the terms of this Decree and of the Fair Housing Act as it applies to the employee.

(2) Informing each such agent and employee, in person or by general meeting, of the provisions of this Decree and of duties of the Company and its agents and employees under the various applicable Fair Housing Acts. Each such agent and employee shall be advised that his failure to comply with the provisions of this Decree shall subject him to dismissal or other disciplinary action, and to sanctions for disobedience of this Order.

(3) Securing a signed statement from each such agent that he has read the letter mentioned above and received the instructions described in the preceding paragraph and forwarding a copy of each such signed statement to plaintiff.

Each new agent and employee shall be instructed in accordance with the procedures set out above and shall be required to sign a statement to the effect that he has been so instructed and will comply with such instructions within ten (10) days following the initial date of employment. Copies of all signed statements will be furnished to plaintiff upon execution.

IV

AFFIRMATIVE PROGRAM

It is further ORDERED that the defendant shall forthwith */ and for a period of two (2) years following the entry of this Order take the following steps to adopt and implement an affirmative program aimed at ensuring compliance with the Fair Housing Act of 1968:

A. Notification to the Community of Defendant's Nondiscriminatory Policy

1. Notify the Open Housing Center of the New York Urban League, 150 Fifth Avenue, New York, New York, in writing, with copies to counsel for plaintiff that apartments owned or managed by the defendant are available to all qualified persons without regard to race, color, religion, sex or national origin, *as hereinafter provided.* Included in such letter shall be a full synopsis of the rental standards and procedures outlined in Part V, below, and a general statement of present and anticipated vacancies in Trump apartment buildings in the New York Metropolitan area. The parties shall agree on the text of an appropriate letter prior to its mailing. Subsequently, defendant shall mail to the Open Housing Center a copy of its weekly Central Listing of vacancies described infra in Part V of this decree. This mailing shall be done on the day the list is made. ~~The Open Housing Center may, at its own discretion, forward copies of the above-mentioned letter and weekly list of vacancies to any and all persons or organizations with an interest in promoting equal housing opportunities.~~

*/ The defendant's obligations to implement each provision of this Order for affirmative action shall begin ten (10) days following the entry of this Order, unless otherwise specified herein.

2. Post and maintain fair housing signs in a form approved by the Secretary of the Department of Housing and Urban Development (HUD) */ in all offices of the defendant where there is rental activity or public contact.

3. Implement an advertising program aimed at informing the nonwhite community of defendant's nondiscriminatory rental policy. The defendant shall

a. Include, in all advertising, ^{for New York City apartment buildings} ~~the~~ in ~~news-~~
~~papers~~, telephone directories, radio, television and other media, and on all billboards, signs, pamphlets, brochures, and other promotional literature the words "Equal Housing Opportunity" and the fair housing logo. These words and the logo shall be prominently placed and easily legible. ~~the~~ In addition, all advertising placed by the Company or its agents shall conform to the practices recommended in the Department of Housing and Urban Development advertising guidelines, as published in 37 Fed. Reg., pp. 6700-02, on April 1, 1972. A copy of these guidelines is attached as Appendix "B" to this Order.

*/ See the pertinent HUD regulation, 37 F.R. 3429 (a copy attached hereto as Appendix A).

mm
~~**/ This subsection dealing with newspaper advertising shall only apply to newspaper ads of eight (8) lines of print or more. Defendant shall continue its present advertising policies, and shall not change its present practices with respect to the size and type of advertising by shortening or by otherwise changing its policy of placing display ads to avoid the requirement of including the equal opportunity statement.~~

mm
~~**/ In radio and television advertising, the words "equal housing opportunities" shall be used and shall be easily audible.~~

of
Mr

(b) Insert in a newspaper of general circulation, such as the New York Times, one Sunday in every month, an advertisement at least 3 inches in length advertising available apartments in particular sections of New York City. Apartments advertised pursuant to this section shall be selected on a rotating basis so that each apartment building is so advertised at least once yearly. This ad shall contain at its foot, in prominent capital letters, the words "Equal Housing Opportunity".

8(a)

(c) Allocate a reasonable proportion of its advertising budget to advertising in media directed primarily to the black and Puerto Rican communities. The parties have agreed that the placement of monthly 15 line display advertisements, one in the black and one in the Puerto Rican press, */ together with the allocation of 10% of defendant's radio advertising budget to black-oriented and Spanish language stations, shall meet the requirements of this provision. All advertisements of Trump buildings in minority media shall advertise a full cross-section of Trump buildings with vacancies, and shall not stress or give undue emphasis to buildings with substantial minority occupancy. **/

4. Provide written notification to each firm, association company, corporation, or other person or organization engaged by defendant to act as referral agency, apartment locating service, credit checking company, or management company that apartments owned or managed by the defendant are available to all qualified persons without regard to race, color, religion, sex or national origin. Each such notification shall also advise the recipient of defendant's objective standards and procedures for rental.

*/ The parties agree that the placement of such advertisements in the Amsterdam News and El Diario will satisfy this requirement.

**/ If the listed apartments do not include all Trump buildings with vacancies, the buildings listed shall be rotated with each ad so that the same apartment buildings are not continuously or disproportionately advertised under this subsection.

B. Program of Providing Listings for Minority Apartment Seekers

For two years after the entry of this Order, defendant shall notify the Open Housing Center of the New York Urban League, 150 Fifth Avenue, New York, New York, 10003, of every fifth available apartment in each apartment building owned and/or managed by the defendant which has a black tenancy of less than ten percent,*/ at least three days prior to placing that apartment on the open market.**/ During this three-day period, the Open Housing Center shall have the opportunity to refer qualified applicants to the defendant for the purpose of renting the apartment. All applicants referred by the Open Housing Center shall provide the defendant or its representative with an appropriate identification which will serve to advise the defendants that such applicant has been referred by the Open Housing Center pursuant to this subsection. After three days if no qualified applicant referred by the Center has filed an application seeking to rent the apartment, the apartment may be placed on the open market to be rented in defendant's normal business custom without regard to race, color, religion, sex or national origin.***/

C. Affirmative Employment Program

The defendant shall recruit, hire, assign, promote and transfer employees and agents without regard to race, color,

*/ The requirements of this provision need not be followed for apartment buildings which presently have or in the future reach a black occupancy rate of 10%. For these apartment buildings, apartments shall continue to be rented without regard to race, color, religion, sex or national origin.

**/ The three-day period shall begin when notification has been completed and the Open Housing Center has received, either in person, by telephone, or by mail, the listings. For purposes of this Decree, rental on the open market shall mean rental to any person not referred by the Open Housing Center.

***/ This provision shall not apply to Trump Village.

religion, sex or national origin and will endeavor to place blacks and other nonwhite persons in supervisory and professional positions as vacancies for which they are qualified arise.

Pursuant to this program, the defendant shall take the following steps:

1. Display an equal employment opportunity poster */ in a prominent place clearly visible to prospective agents, employees, and applicants for employment in each office of the defendant where applications for employment are taken.

*/ This poster shall be in the form, size and prominence approved by the United States Department of Labor and the Equal Employment Opportunity Commission.

2. Notify in writing, each labor union representing any part of defendant's work force of the terms of Part IV(C) of this Decree and that prospective employees are to be referred without regard to race, color, religion, sex or national origin.

In recruiting and hiring nonwhite employees, the defendant shall not require that nonwhite persons recruited or hired possess qualifications for any job or position more exacting than those which were in effect with respect to white employees before the institution of this action.

V

IMPLEMENTATION OF OBJECTIVE RENTAL
STANDARDS AND PROCEDURES

In order to assure nondiscriminatory selection and assignment of tenants and to assure equal opportunity in housing at each building owned or managed by Trump Management, Inc., defendant agrees that the following standards and procedures shall be uniformly applied at all of its properties in determining whether or not to rent to an applicant. */

A. Standards

1. Income

One week's gross income from all sources **/ must be at least equal to one month's rent, except in the following circumstances:

(a) The applicant(s) have outstanding automobile payments, or other fixed debt in excess of \$50.00 a month, with a remaining debt period in excess of four (4) months, or

*/ The following standards shall not be applicable to Tysens Park which is subject to other federal regulations imposed by §221(d) of the National Housing Act.

**/ This shall include alimony, child support, public assistance payments, or guarantor's assurances on behalf of public assistance recipients, wife's income, part-time employment, pensions, etc.

(b) The family composition is in excess of three (3) persons.

In either circumstance (a) or (b) above, one week's net income must be at least equal to one month's rent.

If an applicant does not meet the foregoing income standards, he or she may still qualify for rental if:

(a) He or she secures a guarantor who can verify funds sufficient to meet the financial obligations of the guarantors fixed monthly payments for his or her residence, as well as the applicant's rental, based on the defendant's income standards.

(b) If the applicant is willing to post three (3) months security deposit or will supply six (6) months rent in advance.

(c) If a tenant switches from one Trump building to another Trump building and if that tenant has met his obligations to Trump Management, Inc., in the past.

2. Occupancy

Not more than two (2) persons in a one-bedroom apartment. ~~Not more than four (4) persons, two (2) adults and two (2) children of the same sex,*/ in a two-bedroom apartment.~~ *for a two-bedroom apartment, defendant shall, in a uniform manner, adhere to its past practices with respect to occupancy.*

B. Procedures */

1. Application Procedure

~~*/ Except that children under ten years of age may be of different sexes.~~

*/ These procedures are substantially based on defendant's past practices, as described during discovery.

a. Applications for tenancy will be received at the apartment building or complex where the tenant is applying for an apartment. Applications shall be received by Superintendents or rental agents authorized by the defendant to accept applications, and instructed in the requirements of this Order and of the Fair Housing Act of 1968, 42 U.S.C. 3601 et seq. Applications shall be accepted from all persons wishing to apply and the superintendent or agent shall make no subjective judgment on the acceptability of a prospective tenant, unless said prospective tenant is:

- (i) visibly and objectively drunk
and disorderly;
- (ii) visibly and objectively under
the influence of drugs;
- (iii) abusive towards the superintendent
or rental agent;

or there is,

- (iv) a visible and objective indication
that the applicant will not maintain his or
her apartment with sufficient care and
cleanliness so as not to intrude on the
rights of other tenants. In order to satisfy
this criteria, defendant or its agents shall
contact the applicant's former landlord to
ascertain the manner in which he or she had
maintained the rented premises. In no event
shall the subjective impression by a super-
intendent of the manner of dress or style
of grooming disqualify an applicant. This
subsection shall apply solely to cleanliness
criteria.

b. The superintendent or rental agent shall review the application for completeness and shall require a security deposit of one month's rent and a W2 form (or reasonable substitute therefor) from all applicants. The agents shall then submit the deposit, W2 form and application, for review and determination to one of the defendant's two main offices. No superintendent or rental agent shall have the authority to make a determination on the acceptability for tenancy of an applicant except as outlined in B(1)(a) (i-iv) above.

c. Applications shall be reviewed and a determination of acceptability shall be made by the Section Managers employed in the defendant's main offices.

d. If conducted, a uniform credit check and/or employment check shall be conducted with respect to each applicant. The standards of acceptability based on credit and employment shall be uniformly applied without regard to race, color, religion, sex or national origin.

e. Each applicant shall be informed wherever possible within ten (10) business days whether or not he or she has been accepted for tenancy. If an application can not be processed within ten (10) days, defendant shall notify the applicant of the reason therefor, but in no event shall an applicant not be informed of the disposition of his application beyond twenty (20) days from the time he or she applied. If rejected, the applicant shall be informed of the reason for rejection, and of the specific objective standard he or she has failed to meet. */

*/ Applicants who have not been accepted for tenancy pursuant to V(B) (a) above need not be informed of the reasons for the defendant's decision not to accept his or her application. However, defendants shall still note the reason for non-acceptance in its records and its reports to plaintiff pursuant to Sections VI and VII herein.

2. Providing Rental Information to Apartment Seekers

a. Defendant shall maintain at its central offices at 2611 West 2nd Street, Brooklyn, New York and 2064 Cropsey Avenue, Brooklyn, New York, a Central Listing, to be compiled on a weekly basis, of each currently vacant or available apartment in the New York area, and of each apartment expected to be vacant or available in the New York area within the next thirty days. This list shall include the type of apartment, the number of rooms, the monthly rent, and the date of availability and shall be shown to all persons inquiring about available apartments. Defendant shall also maintain at each of its buildings a similar list of the apartments vacant at that building by type of apartment available and a notification that complete lists of all available apartments in the New York area are available for inspection at defendant's main offices located at 2611 W. 2nd Street, Brooklyn, New York and 2064 Cropsey Avenue, Brooklyn, New York.

b. Apartments which are available for rental and listed on the apartment availability list (2(a) above) shall be shown to all interested inquirers by an authorized agent of the defendant.

c. Inquirers shall be uniformly informed of the qualifications for rental, including the income, security deposit and W2 form requirements.

d. No waiting list*/ will be maintained at any of the defendant's offices or apartment buildings nor shall there be any preference for persons referred by present tenants. Rental will be on a first-come, first-served basis when apartments are available for rental.

VI

REPORTING REQUIREMENTS

It is further ORDERED that three (3) months after the entry of this Decree, and thereafter three (3) times per year for two years the defendant shall file with the Court and serve on counsel for the plaintiff a report containing the following information for the following apartment buildings owned and/or managed by the defendant:

1. Argyle Hall
2. Westminster Hall
3. Fontainebleau Apartments
4. Lawrence Gardens and Lawrence Towers
5. Sea Isle Apartments
6. Bachaven Apartments
7. Shorehaven Apartments
8. Belcrest Apartments
9. Highlander Hall
10. Saxony Hall
11. Clyde Hall
12. Edgerton Apartments
13. Winston Hall
14. Sussex Hall

*/ Since this is defendant's present practice and it is non-discriminatory, plaintiff interposes no objection thereto.
Trump Village shall be excepted from this provision prohibiting the use of a waiting list.

a. The number of persons, by race*/ (as visually observable) making inquiry in person about the availability of terms of rental of an apartment during the preceding reporting period and the number by race, that:

1. made inquiry;
2. were offered an application;
3. filled out an application;
4. submitted an applicant with deposit;
5. were accepted for occupancy;
6. were rejected;
7. withdrew applications;
8. had applications pending at the end of the reporting period.

This report may be forwarded to plaintiff on a form similar to the sample form attached hereto as Appendix C.

b. A report reflecting the applications for tenancy submitted during the preceding reporting period, including the following information for each person submitting an application:

1. name, address, business and home telephone number, and race;
2. date of application;
3. whether a deposit was received;
4. date notified of acceptance or rejection;
5. weekly income of applicant and monthly rent of apartment sought;

*/ For purposes of this Decree, all notations of race shall be as visually observable.

6. if accepted, apartment chosen;
7. if rejected, reason therefor;
8. name of person or persons who decided to accept or reject the application;
9. if neither accepted nor rejected, status or disposition of application.

This report may be forwarded to plaintiff on a form similar to the sample form attached hereto as Appendix D. For each rejected nonwhite applicant, the report shall include a detailed statement of the reason(s) for rejection and supporting information.

c. A list of vacancies during the preceding quarter, including the date the apartment was placed on the market */ and the date each apartment was rented or otherwise committed for rental.

d. Reports filed pursuant to this Order shall also include the current statistics with respect to the race of tenants in each apartment building owned or managed by the defendant, and an account of the steps taken during the preceding reporting period to implement the program outlined in Sections I and II above, including:

1. Copies of all letters sent to apartment locators and credit checking companies, Fair Housing groups, and labor unions pursuant to Parts III and IV of this Decree.

*/ Including where appropriate, the date the Open Housing Center was contacted concerning the apartment's availability in accordance with Part III above.

2. Representative copies of all newspaper advertisements placed in the Amsterdam News and El Diario pursuant to this Order and the date of each advertisement.

3. The name, race, position and office assignment of each rental agent, superintendent and main office employee employed as of the date of the entry of this Order, an assurance that the educational program required by Part II has been conducted, and copies of all signed statements obtained in accordance with Part II of this Decree. If any rental agent refuses to sign such a statement the defendants shall include a full statement of all pertinent circumstances and of any action taken by them in relation thereto.

VII

RECORD KEEPING PROVISIONS

*for New York City
properties*

IT IS FURTHER ORDERED that the defendant shall, for two years following the entry of this Decree, make and preserve the following records for all apartment buildings owned or managed by them:

1. The name, address, telephone number and date and time of contact of each person inquiring in person about the availability or terms of rental of an apartment therein, */ and the size of apartment sought, if known.

*/ This may be accomplished by maintaining a guest register at each apartment building owned by the defendants.

2. A detailed record of all action taken on each application and the reasons for such action, including all steps taken by the defendant in ascertaining the acceptability for tenancy of the applicant and the name of the employee who took such steps or who approved or rejected the application.

3. All records which are the source of, or contain any of the information pertinent to defendant's obligations under this Order. Representatives of the plaintiff shall be permitted to inspect and copy all pertinent records of the defendant at any and all reasonable times, provided, however, that the plaintiff shall endeavor to minimize any inconvenience to the defendant from the inspection of such records.

VIII

It is further ORDERED that for a period extending two years from the entry of this Decree, the defendant shall, at least twenty (20) days prior to the event, report to counsel for the plaintiff:

1. Any new ownership or management interests in residential property, acquired by the defendant.
2. The divestment through transfer or sale, of any ownership or management interests in residential property.

IX

It is further ORDERED that for a period of two years after the entry of this Decree the defendant shall advise counsel for plaintiff, in writing, of all complaints, */ from

*/ For purposes of this Decree, "complaints" shall mean any information which comes to the attention of the defendant or its officers from whatever source received, which indicates a possible denial of equal housing opportunities under the Fair Housing Act, 42 U.S.C. §3601 et seq., or a potential violation of this Decree.

whatever source, received by the defendant regarding equal opportunity in housing at properties owned and/or managed by Trump Management, Inc. In addition, plaintiff shall, for a period of two years after the entry of this Decree, notify the defendant of all complaints received by the plaintiff.

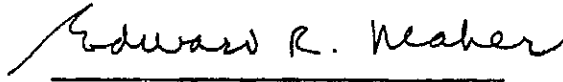
Except where the plaintiff determines that there exists a need for emergency relief threatening the effectiveness of this Decree, the plaintiff shall afford the defendant fifteen (15) days from the date notice of such a complaint is received to investigate the complaint and provide plaintiff with an explanation of the information contained in the complaint. If the complaint is determined to be valid by either party, plaintiff shall recommend what steps it believes to be necessary to correct the conditions leading to the complaint, and shall afford the defendants an additional seven (7) days to effectuate appropriate steps to remedy the conditions leading to the complaint and to overcome any continuing effects of the alleged discriminatory actions before applying to the court for a motion to compel compliance with this Decree, or any other additional judicial relief.

X

Each party shall bear its own costs.


The Court shall retain jurisdiction of this action
for all purposes.

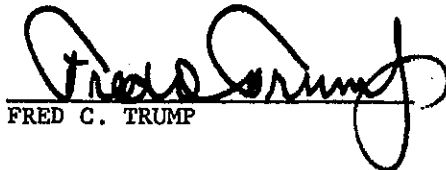
ORDERED this 10th day of June, 1975.


EDWARD R. NEAHER
United States District Judge

The undersigned apply for and
consent to the entry of this
Order:

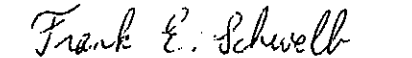
For the Defendants:



ROY M. COHN
Saxe, Bacon, Bolan & Manley
39 E. 68th Street
New York, New York

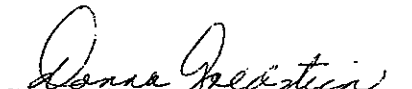

FRED C. TRUMP

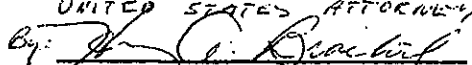

DONALD TRUMP

For the Plaintiff:


FRANK E. SCHWELB
Chief, Housing Section
Civil Rights Division
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Washington, D. C. 20530


NORMAN P. GOLDBERG
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DAVID G. TRAGER
UNITED STATES ATTORNEY
By: 
HENRY BRACHTL
Assistant U.S. Attorney
Eastern District of New York

37 F.R. 3429
Feb. 16, 1972

Rules and Regulations

Title 24—HOUSING AND URBAN DEVELOPMENT

Chapter I—Office of Assistant Secretary for Equal Opportunity, Department of Housing and Urban Development

SUBCHAPTER A—FAIR HOUSING
[Docket No. R-72-165]

PART 110—FAIR HOUSING POSTER

The purpose of this regulation is to require the display of a fair housing poster by persons subject to sections 804-806 of the Civil Rights Act of 1968 and to prescribe the content of this poster.

Notice of a proposed amendment to Title 24 to include a new Part 72 was published in the FEDERAL REGISTER on August 4, 1971 (36 F.R. 14336). (Under the reorganization of Title 24 published in the FEDERAL REGISTER on December 22, 1971 (36 F.R. 24402), the fair housing poster will become new Part 110.) Comments were received from approximately 20 interested persons and organizations and consideration has been given to each comment.

Some comments with respect to proposed § 72.10 criticized the coverage of the proposed regulation as too broad, while other comments objected that the coverage is too narrow, and various suggestions were made for changes in coverage. Comments were directed not only to what dwellings should be included but also to the stage at which the requirement should take effect and the persons to whom it should apply. In response to the comments, § 72.10(a) (now § 110.10 (a) and (b)) has been revised to clarify the extent of coverage, to broaden coverage to the extent appropriate and to eliminate unnecessary burdens where the requirement can appropriately be narrowed or eliminated. Under § 110.10 (a) and (b), display of the prescribed poster at a single-family dwelling is not required unless the dwelling is being offered for sale or rental in conjunction with the sale or rental of other dwellings; however if a real estate

broker or agent is handling the sale or rental, he must display the poster at any place of business where the dwelling is being offered for sale or rental. With respect to all other dwellings covered by the Act, the poster must be displayed at any place of business where the dwelling is offered for sale or rental; in addition, the poster must be displayed at the dwelling, except that in the case of a single-family dwelling being offered for sale or rental in conjunction with the sale or rental of other dwellings, e.g., a subdivision, the poster may be displayed at model homes instead of at each of the individual dwellings. Finally, in the case of dwellings other than a single-family dwelling not being offered for sale or rental in conjunction with the sale or rental of other dwellings, the poster must be displayed from the beginning of construction through the end of the sale or rental process.

Several comments suggested revisions in the language of the poster described in proposed § 72.25. Such suggestions included rewriting the poster in terms of the individual's rights rather than the Act's prohibitions, adding additional prohibitions contained in the Act, emphasizing the nature of penalties for failure to post, and listing the HUD area office instead of the regional office as a location to which to send complaints. The new § 110.25 adopts the suggestion with regard to the area offices in that the poster will provide for insertion of the address of the regional or area office as appropriate. It has been decided that instead of lengthening the content of the poster by adding additional prohibitions, the poster should be made shorter and easier to understand by briefly highlighting the major prohibitions. In addition, the Equal Housing Opportunity logo and slogan have been inserted at the top of the poster.

A comment by the Federal Home Loan Bank Board (FHLBB) recommended exempting from this regulation any person subject to a regulation of the FHLBB requiring that person to post a poster substantially similar in content to the poster described in HUD's regulation. A similar comment was made by the Board of Governors of the Federal Reserve System with respect to entities subject to supervision by any of the four Federal financial regulatory agencies. The Department will authorize a person subject to the jurisdiction of a Federal financial regulatory agency to utilize a poster prescribed in a regulation by such agency, and approved by the Department, instead of the poster prescribed by HUD. However, all of the other requirements of Part 110 will remain fully applicable regardless of whatever sanctions the regulatory agency prescribes for failure to comply with its regulation. This provision is set forth in § 110.25(b). The requirement, set forth in § 110.10(c), that financial institutions post and maintain a fair housing poster will not be effective until May 1, 1972, in order to allow time for the Federal financial regulatory agencies to issue appropriate regulations.

Proposed § 72.30 stated that a failure to display the poster as required would be

deemed a discriminatory housing practice, i.e., an act unlawful under sections 804, 805, and 806 of title VIII, and prima facie evidence of a violation of these sections, as applicable. There were comments favoring this provision and a comment stating that such a provision was beyond the Department's authority on the ground that title VIII prescribes the specific acts of discrimination which are unlawful. There was also a comment recommending that failure to comply should subject a person to suspension from eligibility for FHA insurance.

The Department believes that it has the authority to require a fair housing poster, and that proposed § 72.30 does not prescribe a new violation not provided for in title VIII. Rather, the section provides an appropriate evidentiary mechanism for assisting in the determination of whether a violation of title VIII has occurred. For purposes of clarity, the provision has been combined with proposed § 72.35—complaints—into a new § 110.30—Effect of failure to display poster—and the combined text shortened. Under § 110.30, when a person claiming to have been injured by a discriminatory housing practice files a complaint pursuant to Part 105—Fair Housing, a failure to display the required poster shall be deemed prima facie evidence of such practice.

The comment with respect to application of additional sanctions is rejected, since such sanctions as well as others are provided in the Affirmative Fair Housing Marketing Regulations published January 5, 1972 (37 F.R. 75), for failure to make the posting required at FHA project sites by § 200.620(f) of that regulation. Although Part 110 is applicable to some persons who are not covered by the Affirmative Fair Housing Marketing regulations, the Department considers that the insertion in Part 110 of the sanctions proposed in the comment is not appropriate.

Accordingly, a new Part 110 is added to Title 24 to read as follows:

Subpart A—Purpose and Definitions

- Sec.
- 110.1 Purpose.
- 110.5 Definitions.

Subpart B—Requirements for Display of Posters

- 110.10 Persons subject.
- 110.15 Location of posters.
- 110.20 Availability of posters.
- 110.25 Description of posters.

Subpart C—Enforcement

- 110.30 Effect of failure to display poster.

AUTHORITY: The provisions of this Part 110 are issued under section 7(d) of the Department of Housing and Urban Development Act of 1968 (42 U.S.C. 3535(d)).

Subpart A—Purpose and Definitions

§ 110.1 Purpose.

The regulations set forth in this part contain the procedures established by the Secretary of Housing and Urban Development with respect to the display of a fair housing poster by persons subject to sections 804–806 of the Civil Rights Act of 1968, 42 U.S.C. 3604–3606.

plementary advertising campaign that is directed at other groups, or the use by a developer of racially mixed models to advertise one of the developments and not others.

C. Policy and practices guidelines. The following guidelines are offered as suggested methods of assuring equal opportunity in real estate advertising:

1. **Guidelines for use of logotype, statement, or slogan.** All advertising of residential real estate for sale or rent can contain an Equal Housing Opportunity logotype, statement or slogan as a means of educating the homeseeking public that the property is available to all persons regardless of race, color, religion, or national origin. Table 1 (see appendix) indicates suggested sizes for the use of the logotype. In all space advertising which is less than 4 column inches of a page in size, the Equal Housing Opportunity slogan should be used. The advertisement may be grouped with other advertisements under a caption which states that the housing is available to all without regard to race, color, religion, or national origin. Alternatively, 3-5 percent of the advertisement copy may be devoted to a statement of the equal housing opportunity policy of the owner or agent. Table 2 (see appendix) contains copies of the suggested Equal Housing Opportunity logotype, statement and slogan.

2. **Guidelines for use of human models.** Human models in photographs, drawings, or other graphic techniques may be used to indicate racial inclusiveness. If models are used in display advertising campaigns, the models should be clearly definable as reasonably representing both majority and minority groups in the metropolitan area. Models, if used, should indicate to the general public that the housing is open to all without regard to race, color, religion, or national origin, and is not for the exclusive use of one such group.

3. **Guidelines for notification of Fair Housing Policy.** (a) **Employees.** All publishers of advertisements, advertising agencies, and firms engaged in the sale or rental of real estate should provide a printed copy of their nondiscriminatory policy to each employee and officer.

(b) **Clients.** All publishers of advertisements and advertising agencies should post a copy of their nondiscrimination policy in a conspicuous place wherever persons come to place advertising and should have copies available for all firms and persons using their advertising services.

(c) **Publisher's notice.** All publishers are encouraged to publish at the beginning of the real estate advertising section a notice such as that appearing in Table 3 (see appendix).

Effective date. This statement of policy shall be effective May 1, 1972.

SAMUEL J. SIMMONS,
Assistant Secretary
for Equal Opportunity.

APPENDIX

The following three tables may serve as a guide for the use of the Equal Housing Opportunity logotype, statement, slogan, and publisher's notice for display advertising:

TABLE I

A simple formula can guide the real estate advertiser in using the Equal Housing Opportunity logotype, statement, or slogan. If other logotypes are used in the advertisement, then the Equal Housing Opportunity logotype should be of a size equal to the largest of the other logotypes; if no other logotypes are used, then the following guidelines can be used. In all instances, the type should be bold display face and no smaller than 8 points.

Approximate size of advertisement	Size of Logotype in inches
1/2 page or larger.....	2 x 2.
1/4 page up to 1/2 page.....	1 x 1.
4 column inches to 1/2 page.....	1/2 x 1/2.
Less than 4 column inches.....	(1).

* Do not use.

TABLE II.—ILLUSTRATIONS OF LOGOTYPE, STATEMENT, AND SLOGAN

Equal Housing Opportunity logotype.



Equal Housing Opportunity statement:
We are pledged to the letter and spirit of U.S. policy for the achievement of equal housing opportunity throughout the Nation. We encourage and support an affirmative advertising and marketing program in which there are no barriers to obtaining housing because of race, color, religion or national origin.

Equal Housing Opportunity slogan:
"Equal Housing Opportunity."

TABLE III.—ILLUSTRATION OF PUBLISHER'S NOTICE

Publisher's notice:
All real estate advertised in this newspaper is subject to the Federal Fair Housing Act of 1968 which makes it illegal to advertise "any preference, limitation, or discrimination based on race, color, religion, or national origin, or an intention to make any such preference, limitation, or discrimination."
This newspaper will not knowingly accept any advertising for real estate which is in violation of the law. Our readers are hereby informed that all dwellings advertised in this newspaper are available on an equal opportunity basis.

{FR Doc.72-4983 Filed 3-31-72;8:45 am}

APPENDIX B

37 F.R. 6700
4/1/72

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Office of Assistant Secretary for Equal
Opportunity

[Docket No. R-72-108]

ADVERTISING GUIDELINES FOR FAIR HOUSING

Notice of Statement of Policy

In order to facilitate and promote compliance with the requirements of Title VIII of the Civil Rights Act of 1968, and particularly section 804(c) thereof (42 U.S.C. 3601, 3604(c)) regarding notices, statements or advertisements, the Department of Housing and Urban Development has prepared guidelines to indicate graphic and written references that are appropriate for the preparation, publication, and general use of advertising matter with respect to the sale or rental of a dwelling as defined by the Act.

Notice of a proposed statement of policy was published in the FEDERAL REGISTER on May 21, 1971 (36 F.R. 9266). Comments were received from 28 interested

persons and organizations and consideration has been given to each comment.

Several comments observed that the proposed policy statement was at times unnecessarily limited to the field of newspaper advertising. In response to the comments, the policy statement has been revised in several places to clarify that the guidelines apply to advertisements in all media, including, e.g., television and radio, as well as to advertising agencies and other persons who use advertising.

Several organizations suggested additional catchwords connoting a discriminatory effect for inclusion in section A-3. That section has been expanded to include several additional terms which may have a discriminatory effect when used in a discriminatory context.

In response to other comments, section A-6 has been revised to clarify how directional references could be employed in a discriminatory context with an ethnically, as well as a racially, discriminatory effect. Also, section A-7 has been added relating specifically to designation of religious, ethnic or racial facilities to identify an area or neighborhood.

A number of comments indicated that human models or Equal Opportunity advertisements can and have been used selectively to promote the development of racially exclusive communities. A new section C-4 has been added in order to meet this specific problem. The previous human models section has been clarified by revision and reorganization in the new section C, in light of comments which indicated confusion or uncertainty surrounding the use of human models.

In response to publishers' comments, Table I has been simplified and references to minimum type sizes limited to a recommendation that the type should be bold display face and no smaller than eight points.

A number of organizations suggested the inclusion of a publisher's notice to appear with real estate advertising. A suggested notice has been included as Table III, in lieu of the provision in the proposed guidelines for direct notification to all firms or persons using the advertising services of a publisher. This provision was removed in light of objections that such notification would be unworkable or would impose great hardship since a large volume of real estate advertising is placed by a great number of persons on a nonrecurring basis.

Finally, a number of minor editorial or organizational changes have been made in order to clarify or simplify the advertising guidelines.

Several organizations suggested that the guidelines make specific reference to the roles of other enforcement agencies, including the Department of Justice and local agencies. These comments suggested that the guidelines specify that they do not alter or affect conciliation agreements or court orders obtained by these agencies, as well as by the Department. Such a disclaimer appears to be unnecessary, since there is nothing in the guidelines to indicate an intent to

alter or affect agreements or orders obtained by the Department and other agencies.

This document is issued pursuant to section 7(d), Department of Housing and Urban Development Act, 42 U.S.C. 3535(d).

The statement of Policy reads as follows:

PUBLICATION GUIDELINES FOR COMPLIANCE WITH TITLE VIII OF THE CIVIL RIGHTS ACT OF 1968

POLICY STATEMENT

Section 804(c) of title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3604(c), makes it unlawful to make, print, or publish, or cause to be made, printed, or published any notice, statement, or advertisement, with respect to the sale or rental of a dwelling (any building, structure, or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land which is offered for sale or lease for the construction or location thereof of any such building, structure, or portion thereof) that indicates any preference, limitation, or discrimination based on race, color, religion, or national origin, or an intention to make any such preference, limitation or discrimination.

These advertising guidelines are being issued for the purpose of assisting all advertising media, advertising agencies, and all other persons who use advertising to make, print, or publish or cause to be made, printed, or published any classified or display advertisement with respect to the sale or rental of a dwelling by the owner or his agent, in compliance with the requirements of title VIII.

Conformance with these guidelines will be considered in evaluating compliance with title VIII in connection with investigations by the Assistant Secretary of advertising practices and policies under the title.

A. *The use of words, phrases, sentences and visual aids which have a discriminatory effect.* The following words, phrases, symbols, and forms typify those most often used in residential real estate advertising to convey either overt or tacit discriminatory intent. Their use should therefore be avoided in order to eliminate their discriminatory effect. In considering a complaint under title VIII, the Assistant Secretary will normally consider the use of these and comparable words, phrases, symbols, and forms to indicate possible violation of the title and to establish a need for seeking resolution of the complaint, if it is apparent from the context of the usage that discrimination within the meaning of the Title is likely to result.

1. *Words descriptive of dwelling, landlord, and tenant.* White private home, Colored home, Jewish home.

2. *Words indicative of race, color, religion, or national origin.* Negro, Hispano, Mexican, Indian, Oriental, Black, White, WASP, Hebrew, Irish, Italian, European, etc.

3. *Catch words.* Restricted, ghetto, disadvantaged. Also, words such as private, integrated, traditional, "board approval" or "membership approved" if used in a discriminatory context.

4. *Symbols or logotypes.* Symbols or logotypes which imply or suggest race, color, religion, or national origin.

5. *Colloquialisms.* Locally accepted words or phrases which imply or suggest race, color, religion, or national origin.

6. *Directions to the real estate for sale or rent (use of maps or written instructions).* References to real estate location made in terms of racially or ethnically significant landmarks such as an existing Black development (signal to Blacks) or an existing development known for its exclusion of minorities (signal to Whites). Specific directions given from a racially or ethnically significant area.

7. *Area (location) description.* Use of religious, ethnic, or racial facilities to describe an area, neighborhood, or location.

B. *Selective use of advertising media or content with discriminatory effect.* The selective use of advertising in various media and with respect to various housing developments or sites can lead to discriminatory results and may indicate a violation of title VIII.

1. *Selective geographic impact.* Such selective use may involve the strategic placement of billboards, brochure advertisements distributed within a limited geographic area by hand or in the mail, or advertising in particular geographic coverage editions of major metropolitan newspapers, or in local newspapers which are mainly advertising vehicles for reaching a particular segment of the community, or in displays or announcements only in selected sales offices.

2. *Selective use of equal opportunity slogan or logo.* Such selective use may involve using the equal opportunity slogan or logo in advertising reaching some geographic areas, but not others, or with respect to some properties but not others.

3. *Selective use of human models.* Such selective advertising may also involve the use of human models primarily in media that cater to one racial or ethnic segment of the population that is not balanced by a com-

§ 110.5 Definitions.

(a) "Department" means the Department of Housing and Urban Development.

(b) "Discriminatory housing practice" means an act that is unlawful under section 804, 805, or 806 of title VIII.

(c) "Dwelling" means any building, structure, or portion thereof which is occupied as, or designed or intended for occupancy as, a residence by one or more families, and any vacant land which is offered for sale or lease for the construction or location thereon of any such building, structure, or portion thereof.

(d) "Family" includes a single individual.

(e) "Person" includes one or more individuals, corporations, partnerships, associations, labor organizations, legal representatives, mutual companies, joint-stock companies, trusts, unincorporated organizations, trustees, trustees in bankruptcy, receivers and fiduciaries.

(f) "Secretary" means the Secretary of Housing and Urban Development.

(g) "Fair housing poster" means the poster prescribed by the Secretary for display by persons subject to sections 804-806 of the Civil Rights Act of 1968.

(h) "The Act" means title VIII of the Civil Rights Act of 1968, 42 U.S.C. 3601 et seq.

(i) "Person in the business of selling or renting dwellings" means a person as defined in section 803(c) of the Act.

Subpart E—Requirements for Display of Posters

§ 110.10 Persons subject.

(a) Except to the extent that paragraph (b) of this section applies, all persons subject to section 804 of the Act, Discrimination in the Sale or Rental of Housing, shall post and maintain a fair housing poster as follows:

(1) With respect to a single-family dwelling (not being offered for sale or rental in conjunction with the sale or rental of other dwellings) offered for sale or rental through a real estate broker, agent, salesman, or person in the business of selling or renting dwellings, such person shall post and maintain a fair housing poster at any place of business where the dwelling is offered for sale or rental.

(2) With respect to all other dwellings covered by the Act:

(i) A fair housing poster shall be posted and maintained at any place of business where the dwelling is offered for sale or rental, and

(ii) A fair housing poster shall be posted and maintained at the dwelling, except that with respect to a single-family dwelling being offered for sale or rental in conjunction with the sale or rental of other dwellings, the fair housing poster may be posted and maintained at the model dwellings instead of at each of the individual dwellings.

(3) With respect to those dwellings to which subparagraph (2) of this paragraph applies, the fair housing poster must be posted at the beginning of construction and maintained throughout the period of construction and sale or rental.

(b) This part shall not require posting and maintaining a fair housing poster:

(i) On vacant land, or

(ii) At any single-family dwelling, unless such dwelling

(a) Is being offered for sale or rental in conjunction with the sale or rental of other dwellings in which circumstances a fair housing poster shall be posted and maintained as specified in paragraph (a) (2) (ii) of this section, or

(b) Is being offered for sale or rental through a real estate broker, agent, salesman, or person in the business of selling or renting dwellings in which circumstances a fair housing poster shall be posted and maintained as specified in paragraph (a) (1) of this section.

(c) All persons subject to section 805 of the Act, Discrimination in the Financing of Housing, shall post and maintain a fair housing poster at all their places of business which participate in the financing of housing.

(d) All persons subject to section 806 of the Act, Discrimination in the Provision of Brokerage Services, shall post and maintain a fair housing poster at all their places of business.

§ 110.15 Location of posters.

All fair housing posters shall be prominently displayed so as to be readily apparent to all persons seeking housing accommodations or financial assistance or brokerage services in connection therewith as contemplated by sections 804-806 of the Act.

§ 110.20 Availability of posters.

All persons subject to this part may obtain fair housing posters from the Department's regional and area offices. A facsimile may be used if the poster and the lettering are equivalent in size and legibility to the poster available from the Department.

§ 110.25 Description of posters.

(a) The fair housing poster shall be 11 inches by 14 inches and shall bear the following legend:



**EQUAL HOUSING
OPPORTUNITY**

We Do Business in Accordance With the
Federal Fair Housing Law

(Title VIII of the Civil Rights Act of 1968)

IT IS ILLEGAL

TO DISCRIMINATE AGAINST

ANY PERSON BECAUSE OF RACE,

COLOR, RELIGION, OR NATIONAL ORIGIN

- In the sale or rental of housing or residential lots.
- In advertising the sale or rental of housing.

- In the financing of housing.
- In the provision of real estate brokerage services.
- Blockbusting is also illegal.

Anyone who feels he has been discriminated against should send a complaint to:

U.S. Department of Housing and Urban Development, Assistant Secretary for Equal Opportunity, Washington, D.C. 20410

or
HUD Region or

[Area Office stamp]

(b) The Assistant Secretary for Equal Opportunity may grant a waiver permitting the substitution of a poster prescribed by a Federal financial regulatory agency for the fair housing poster described in paragraph (a) of this section. While such waiver remains in effect, compliance with the posting requirements of such regulatory agency shall be deemed compliance with the posting requirements of this part. Such waiver shall not affect the applicability of all other provisions of this part.

Subpart C—Enforcement

§ 110.30 Effect of failure to display poster.

Any person who claims to have been injured by a discriminatory housing practice may file a complaint with the Secretary pursuant to Part 105 of this chapter. A failure to display the fair housing poster as required by this part shall be deemed prima facie evidence of a discriminatory housing practice.

Effective date. This part shall be effective February 25, 1972, except for § 110.10(c) which shall be effective May 1, 1972.

SAMUEL J. SIMMONS,
Assistant Secretary
for Equal Opportunity.

[FR Doc. 72-2262 Filed 2-15-72; 8:45 am]

APPENDIX C

TRUMP MANAGEMENT, INC.

DATE: _____

RE: Rental Analysis Report

THE BREAKDOWN OF PERSONS BY RACE MAKING INQUIRY IN PERSON
ABOUT THE TERMS AND AVAILABILITY OF APARTMENTS

FOR THE PERIOD OF _____ TO _____

AT _____ APARTMENTS

	WHITE	BLACK	SPANISH	OTHER	TOTAL
MADE INQUIRY					
WERE OFFERED AN APPLICATION					
FILLED OUT AN APPLICATION					
SUBMITTED DEPOSIT WITH APPLICATION					
APPLICATIONS WITHDRAWN BEFORE PROCESSING					
APPLICATION ACCEPTED					
APPLICATIONS WITHDRAWN AFTER PROCESSING					
APPLICATIONS REJECTED					
APPLICATIONS PENDING END OF PERIOD					

APPLICATIONS FOR TENANCY
AT APARTMENTS

If two or more single persons are applying for one apartment, please so indicate:

Exhibit 16

FTC news

Federal Trade Commission Washington, D.C. 20580

FOR IMMEDIATE RELEASE: April 5, 1988

DONALD TRUMP AGREES TO SETTLE GOVERNMENT CHARGES HE VIOLATED PREMERGER NOTIFICATION REQUIREMENTS

The federal government charged in federal court today that Donald J. Trump failed to comply with premerger notification requirements when he acquired stock through the investment banking firm of Bear Stearns & Co. Trump agreed to settle the charges by paying a \$750,000 civil penalty.

The Federal Trade Commission had asked the Department of Justice to file the complaint. The complaint and settlement were filed today in the U.S. District Court for the District of Columbia.

This is the third case the government has brought concerning the use of an investment banking firm in a stock acquisition to avoid filing under the Hart-Scott-Rodino Act. In December 1986, Jeffrey Zuckerman, director of the FTC's Bureau of Competition, announced that the Commission staff was investigating several instances in which a client had arranged for an investment banking firm to purchase voting securities of a company on the client's behalf, but had failed to report the transactions in a timely manner as required by the HSR Act. At the FTC's request, the Justice Department has already filed similar complaints against Wickes Companies Inc. and First City Financial Corp. Ltd.

The complaint charges that, in two separate transactions, Trump acquired stock in Holiday Corp. and Bally Manufacturing Corp. through Bear Stearns in an amount well beyond the dollar threshold at which he should have filed premerger notifications with the FTC and DOJ. Trump eventually made the appropriate filings but not within the time frame established by the HSR Act.

Trump's business operations are based in New York City.

The Commission vote to recommend that the Department of Justice file the complaint and judgment was 4-1. In dissent, Commissioner Andrew J. Strenio, Jr., said that "although there is reason to believe that violations occurred here, the omission of any provision for injunctive relief is a fatal flaw."

This judgment is for settlement purposes only and does not constitute an admission by Trump that he violated the law.

Copies of the complaint and judgment are available from the FTC's Public Reference Branch, Room 130, 6th St. and Pennsylvania Ave. N.W., Washington, D.C. 20580; 202-326-2222; TTY 202-326-2502.

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MEDIA CONTACT: Susan Ticknor, Office of Public Affairs,
202-326-2181

STAFF CONTACT: Jeffrey I. Zuckerman, Bureau of Competition,
202-326-2556

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,
c/o Department of Justice
Antitrust Division
Washington, D. C. 20530,
Plaintiff;

v.

DONALD J. TRUMP,
725 Fifth Avenue
New York, New York 10022,
Defendant.

Civil Action No. 88-0929
PRATT, J. APR 05 1988

COMPLAINT FOR CIVIL PENALTIES FOR VIOLATION OF PREMERGER
REPORTING REQUIREMENTS OF HART-SCOTT-RODINO ACT

The United States of America, plaintiff, by its attorneys, acting under the direction of the Attorney General of the United States and at the request of the Federal Trade Commission, brings this civil action to obtain monetary relief in the form of a civil penalty against the defendant named herein, and alleges as follows:

JURISDICTION AND VENUE

1. This Complaint is filed and these proceedings are instituted under Section 7A of the Clayton Act, 15 U.S.C. § 18a, commonly known as the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("Hart-Scott-Rodino Act"), to recover civil penalties for violations of the Hart-Scott-Rodino Act.

2. This Court has jurisdiction over this action pursuant to 15 U.S.C. § 18a(g), and 28 U.S.C. §§ 1331, 1337, 1345 and 1355.

3. Venue in this District is proper by virtue of defendant's consent, in the Stipulation relating hereto, to the maintenance of this action and the entry of Final Judgment in this District. Venue is also proper under 28 U.S.C. § 1395(a)

THE DEFENDANT

4. Donald J. Trump ("Trump") is a citizen of the State of New York and resides in New York City. His business address is 725 Fifth Avenue, New York, New York 10022.

HOLIDAY CORPORATION

5. Holiday Corporation ("Holiday") is a Delaware corporation with its principal offices at 1023 Cherry Road, Memphis, Tennessee 38117.

BALLY MANUFACTURING CORPORATION

6. Bally Manufacturing Corporation ("Bally") is a Delaware corporation with its principal offices at 8700 West Bryn Mawr Avenue, Chicago, Illinois 60631.

THE HART-SCOTT-RODINO ACT

7. The Hart-Scott-Rodino Act, 15 U.S.C. § 18a, prohibits certain acquisitions of voting securities or assets until a notification has been filed with the Department of Justice and the Federal Trade Commission and a waiting period has expired.

VIOLATIONS ALLEGED

COUNT 1

8. The allegations contained in Paragraphs 1 through 5 and in Paragraph 7 are repeated and realleged as though fully set forth here.

9. Holiday and defendant Trump at all times pertinent to this proceeding have been engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12.

10. Holiday and Trump at all times pertinent to this proceeding had assets above the threshold established by Section (1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(a). Holiday had total assets in excess of \$100 million, and Trump had total assets in excess of \$10 million.

11. During the period from August 7, 1986 through August 19, 1986, Trump acquired voting securities of Holiday.

12. On August 22, 1986, Bear, Stearns & Co. ("Bear, Stearns"), acting as the agent of Trump, began making purchases of shares of Holiday stock on behalf of Trump.

13. As a result of the transaction described in Paragraph 12, Trump held an aggregate total amount of voting securities of Holiday in excess of \$15 million.

14. Trump through his agent Bear, Stearns continued to acquire additional voting securities of Holiday during the period from August 22, 1986 through October 17, 1986.

15. The transaction described in Paragraph 12, by which Trump acquired an aggregate total amount of voting securities of Holiday in excess of \$15 million, and the transactions described in Paragraph 14 were subject to the notification and waiting period requirements of the Hart-Scott-Rodino Act and the regulations promulgated thereunder, 16 C.F.R. § 800 et seq. The Hart-Scott-Rodino Act and regulations required Trump to file the notification and to observe a waiting period before acquiring an aggregate total amount of voting securities of Holiday in excess of \$15 million.

16. Defendant Trump did not comply with the reporting and waiting period requirements of the Act before making the acquisitions described in Paragraphs 12 and 14 above.

17. On October 10, 1986, Trump submitted a notification and report form under the Hart-Scott-Rodino Act, stating an intention to acquire up to 25% of the voting securities of Holiday. The Hart-Scott-Rodino Act waiting period relating to that filing expired on November 9, 1986.

18. Defendant Trump was continuously in violation of the Hart-Scott-Rodino Act during the period from August 22, 1986 through November 9, 1986 (80 days).

19. Section (g)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(g)(1), provides that any person, or any officer, director, or partner thereof, who fails to comply with the Act shall be liable to the United States for a civil penalty of not more than \$10,000 for each day during which such person is in violation of the Act.

COUNT 2

20. The allegations contained in Paragraphs 1 through 4 and in Paragraphs 6 and 7 are repeated and realleged as though fully set forth here.

21. Bally and defendant Trump at all times pertinent to this proceeding have been engaged in commerce, or in activities affecting commerce, within the meaning of Section 1 of the Clayton Act, 15 U.S.C. § 12.

22. Bally and Trump at all times pertinent to this proceeding had assets above the threshold established by Section (1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(a). Bally had total assets in excess of \$100 million, and Trump had total assets in excess of \$10 million.

23. On November 13, 1986, Trump acquired voting securities of Bally.

24. On November 13, 1986, Bear, Stearns & Co. ("Bear, Stearns"), acting as the agent of Trump, began making purchases of shares of Bally stock on behalf of Trump.

25. As a result of the transaction described in Paragraph 24, Trump held an aggregate total amount of voting securities of Bally in excess of \$15 million.

26. Trump through his agent Bear, Stearns continued to acquire additional voting securities of Bally during the period from November 13, 1986 through December 1, 1986.

27. The transaction described in Paragraph 24, by which the defendant acquired an aggregate total amount of voting securities of Bally in excess of \$15 million, and the transactions described in Paragraph 26 were subject to the notification and waiting period requirements of the Hart-Scott-Rodino Act and the regulations promulgated thereunder, 16 C.F.R. § 800 et seq. The Hart-Scott-Rodino Act and regulations required Trump to file the notification and to

observe a waiting period before acquiring an aggregate total amount of voting securities of Bally in excess of \$15 million.

28. Defendant Trump did not comply with the reporting and waiting period requirements of the Act before making the acquisitions described in Paragraphs 24 and 26 above.

29. On November 26, 1986, Trump submitted a notification and report form under the Hart-Scott-Rodino Act, stating an intention to acquire at least 25% of the voting securities of Bally. On December 24, 1986, the Department of Justice required Trump to submit additional information and documentary material relevant to his proposed acquisition of Bally stock, pursuant to Section (e)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(e)(1). This request for additional information and documentary material extended the waiting period, pursuant to Section (e)(2) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18(a)(e)(2). At Trump's request, on January 22, 1987, the Department of Justice and the Federal Trade Commission terminated the waiting period pursuant to Section (b)(2) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18(a)(b)(2).

30. Defendant Trump was continuously in violation of the Hart-Scott-Rodino Act during the period from November 13, 1986 through January 22, 1987 (69 days).

31. Section (g)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(g)(1), provides that any person, or any officer, director, or partner thereof, who fails to comply with the Act shall be liable to the United States for a civil penalty of not more than \$10,000 for each day during which such person is in violation of the Act.

PRAYER

WHEREFORE, plaintiff prays:

1. That the Court adjudge and decree that, with respect to the Holiday transactions described in Count 1, defendant was in violation of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a, each day of the period from August 22, 1986 through November 9, 1986;

2. That the Court adjudge and decree that, with respect to the Bally transactions described in Count 2, defendant was in violation of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a, each day of the period from November 13, 1986 through January 22, 1987;

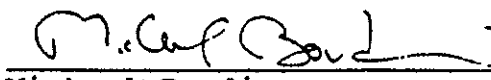
3. That the defendant be ordered to pay to the United States an appropriate civil penalty as provided by Section (g)(1) of the Hart-Scott-Rodino Act, 15 U.S.C. § 18a(g)(1) for his violations of the Hart-Scott-Rodino Act with respect to the transactions in Holiday and Bally stock described in Count 1 and Count 2;

4. That the plaintiff have such other and further relief as the Court may deem just and proper; and

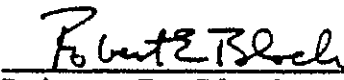
5. That the Court award plaintiff its costs of this suit.

DATED: APRIL 5, 1988


Charles F. Rule
Assistant Attorney General

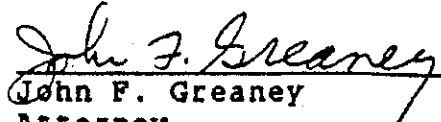

Michael Boudin
Deputy Assistant Attorney General


John W. Clark

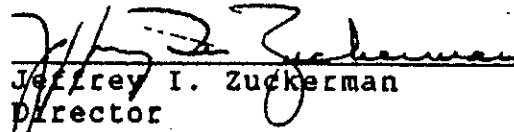

Robert E. Bloch

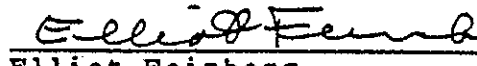
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202/724-8310

FOR THE FEDERAL TRADE COMMISSION:


Jeffrey I. Zuckerman
Director


Elliot Feinberg
Assistant Director


Daniel L. Wellington


Sondra L. Mills

Attorneys
Bureau of Competition

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

DONALD J. TRUMP,

Defendant.

Civil Action No. 88-0929

FILED

APR 12 1988

CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

FINAL JUDGMENT

Plaintiff, the United States of America, having commenced this action by filing its Complaint herein for a violation of Section 7A of the Clayton Act, commonly known as the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and plaintiff and defendant, by their respective attorneys, having consented to the entry of this Final Judgment without trial or adjudication of any issue of fact or law herein and without this Final Judgment constituting any evidence against or an admission by any party with respect to any such issue:

NOW, THEREFORE, before the taking of any testimony and without trial or adjudication of any issue of fact or law herein and upon the consent of the parties hereto, it is hereby,

ORDERED, ADJUDGED, AND DECREED as follows:

I.

This Court has jurisdiction of the subject matter herein and of each of the parties consenting hereto. The Complaint states a claim upon which relief may be granted against the defendant, Donald J. Trump, under Section 7A of the Clayton Act, 15 U.S.C. § 18a.

II.

Judgment is hereby entered in favor of plaintiff, United States of America, and against defendant Donald J. Trump, and defendant shall pay to the United States, pursuant to Section 7A(g)(1) of the Clayton Act, 15 U.S.C. § 18a(g)(1), a civil penalty in the amount of Seven Hundred And Fifty Thousand Dollars (\$750,000). Payment shall be made by wire transfer of the funds to the United States Treasury through the Treasury Financial Communications System. The defendant shall pay the full amount of the civil penalty within ten (10) days of entry of this Final Judgment. In the event of a default in payment, interest at the rate of 18 percent per annum shall accrue thereon from the date of default to the date of payment.

III.

Entry of this Final Judgment is in the public interest.

Dated:

11 April 88

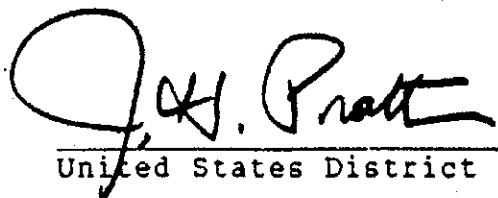

United States District Judge

Exhibit 17

FinCEN ANNOUNCES PENALTY AGAINST TRUMP TAJ MAHAL ASSOCIATES

Immediate Release: January 28, 1998

The Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced today that Trump Taj Mahal Associates (TTMA) has paid a civil money penalty of \$477,000 for failing to file reports required by the Bank Secrecy Act (BSA). TTMA is located in Atlantic City, New Jersey, where it operates the Trump Taj Mahal Casino Resort.

The \$477,000 settlement amount is for BSA violations which occurred at the casino from April 1990 through December 1991. The violations are based on failures to file Currency Transaction Report by Casino forms (CTRCs) within the time period prescribed by the BSA. TTMA was cited for these BSA violations as the result of an Internal Revenue Service (IRS) compliance examination.

Settlement of the final penalty amount was influenced by TTMA's otherwise laudable BSA compliance programs and its cooperation with Treasury Department Officials during the casino's IRS examination and final settlement of the matter with FinCEN.

During the 12 years that casinos have been required to comply with Treasury's anti-money laundering requirements, the industry has experienced dramatic growth and expansion. Today, close to \$500 billion a year is wagered at casinos in the United States.

In announcing the penalty, FinCEN's Director Stanley E. Morris, indicated that BSA compliance by casinos is essential to Treasury's efforts against money laundering and other types of financial crime. "It is Treasury's intention to ensure that casinos -- including the ones located in the newer gaming jurisdictions -- are complying with Treasury's preventive programs," Morris said. "Casinos are cash-intensive businesses, and many offer a wide variety of financial services, similar to banks. Without effective safeguards, they may be vulnerable to money laundering."

Director Morris also commended the IRS's Examination unit in Mays Landing, NJ for its BSA examination of TTMA and its attention to BSA compliance by the casinos located in Atlantic City, NJ.

The BSA requires casinos and other financial institutions to file reports of cash transactions in excess of \$10,000 and to institute preventive compliance programs to safeguard against abuse of its financial services by casino customers. The reporting and recordkeeping information required by the BSA are extremely useful to the government's efforts in criminal, tax and regulatory investigations and proceedings.

Today's penalty is the twelfth levied by Treasury against casinos in Atlantic City, New Jersey (NJ). With this penalty, Treasury has collected almost \$2.2 million in civil penalties against the 12 casinos in Atlantic City over the past five years.



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[IRS.gov \(https://www.IRS.gov\)](https://www.IRS.gov) | [Freedom of Information Act \(FOIA\) \(/freedom-information-act-foia-and-guide-accessing-](#)

[fincen-information\)](#) | [NO FEAR Act \(https://www.treasury.gov/No-Fear-Act/Pages/default.aspx\)](https://www.treasury.gov/No-Fear-Act/Pages/default.aspx) | [Accessibility \(/accessibility\)](#) |

[EEO & Diversity Policy \(/equal-employment-opportunity-and-diversity-policy\)](#) | [Privacy Policy \(/privacy-security\)](#)

UNITED STATES OF AMERICA
DEPARTMENT OF THE TREASURY
FINANCIAL CRIMES ENFORCEMENT NETWORK

IN THE MATTER OF
TRUMP TAJ MAHAL ASSOCIATES

SETTLEMENT AGREEMENT

1. This settlement agreement is by and between the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) and Trump Taj Mahal Associates of Atlantic City, New Jersey, on behalf of itself and its officers, directors, employees and agents (TTMA).
2. FinCEN, with the assistance of the Internal Revenue Service, identified 106 transactions for which TTMA failed to file Currency Transaction Report by Casino forms within the time period required by the Bank Secrecy Act (31 U.S.C. Section 5311, *et seq.*) ("Act") and by the regulations promulgated thereunder (31 C.F.R. Part 103) ("Regulations").
3. FinCEN has determined that a civil money penalty pursuant to 31 U.S.C. Section 5321 is appropriate with respect to each of TTMA's failures to timely file Currency Transaction Report by Casinos forms, as required by the Act and its Regulations.
4. TTMA disputes any willful failures to comply with the Act and Regulations, and therefore denies any liability to the United States but agrees to pay the sum of \$477,000.00 to the U.S. Department of the Treasury, within five (5) business days of the date of final and complete execution of this Settlement Agreement in order to resolve this controversy between the parties. The person whose signature appears below, on behalf of TTMA, warrants that he has actual authority to enter into this Settlement Agreement on behalf of TTMA.
5. TTMA's execution of this Settlement Agreement shall not be construed as an admission of any liability with respect to its compliance with the Act and the Regulations, and this Settlement Agreement and everything contained herein is for settlement purposes only and shall not be used for any other purpose.
6. The terms of this Settlement Agreement effect complete settlement of any and all civil liability of TTMA for any recordkeeping or reporting violations under the Act and Regulations which may have occurred before December 31, 1991.

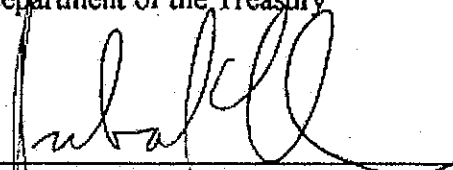
7. This Settlement Agreement pertains only to civil violations of the Act and Regulations by TTMA, which may have occurred before December 31, 1991, and does not limit in any way the right of the United States to investigate and/or prosecute any possible criminal violations of the Act and regulations by TTMA, including any transactions that are the subject of this Settlement Agreement.

Date: 1/22/98



Stanley E. Morris
Director
Financial Crimes Enforcement Network
Department of the Treasury

Date: 1/16/98



Nicholas Ribis
President, Chief Executive Officer
Trump Taj Mahal Associates

Exhibit 18

SETTLEMENT AGREEMENT

WHEREAS, Trump Hotels & Casino Resorts, Inc., ("THCR") Ikon Public Affairs ("IKON"), and New York Institute for Law and Society (the "Institute") (collectively the "Lobbying Entities") are, or will become, registered lobbyists and/or clients in the State of New York; and

WHEREAS, the Lobbying Entities acted in furtherance of a common goal; and

WHEREAS, the Commission has not determined the individual responsibilities of each party for violations of the Lobbying Act; and

WHEREAS, the arrangements among the Lobbying Entities resulted in certain activities which the Commission believes required additional and/or amended filings with the Commission and thus, the Commission believes there are deficiencies in the filing of the Lobbying Entities ("Alleged Filing Deficiencies"); and

WHEREAS, the Lobbying Entities have agreed to provide amended filings in accordance with the Commission's views without admitting to violations of the New York State Lobbying Act (the "Lobbying Act"); and

WHEREAS, the Lobbying Entities are obligated under the Lobbying Act to file bi-monthly and/or semi-annual reports with the New York Temporary State Commission on Lobbying; and

WHEREAS, the New York Temporary State Commission on Lobbying has noted deficiencies, errors and omissions in the Lobbying Entities' filings; and

WHEREAS, the Lobbying Entities have reviewed their filings with the New York Temporary State Commission on Lobbying for the period January 1, 2000 through July 17, 2000 and have identified and brought to the attention of the Commission staff the Alleged Filing Deficiencies; and

WHEREAS, the Lobbying Entities have agreed to pay civil penalties to the Commission with respect to the Alleged Filing Deficiencies with respect to the Lobbying Act as follows: THCR shall pay \$50,000, IKON shall pay \$100,000, and the Institute shall pay \$100,000.

NOW THEREFORE, the Lobbying Entities, on behalf of themselves and their affiliated companies, and the New York Temporary State Commission on Lobbying hereby enter into this Settlement Agreement (the "Agreement") and agree as follows:

- I. Within 14 days of the date of this Agreement as first written above, the Lobbying Entities will file amended Lobbyist Bi-monthly Report(s) and amended Client Semi-annual Report(s) (collectively the "Amended Lobbying Reports") with the New York Temporary State Commission on Lobbying for the period January 1, 2000 through July 17, 2000, inclusive.
- II. Within 30 days of the date of filing of such Amended Lobbying Reports, the Lobbying Entities may further amend their Amended Lobbying Reports as they deem appropriate (the "Settlement Period"); provided, however, that neither the fact that the Lobbying Entities amend their Amended Lobbying Reports nor the content of any such amendment to their Amended Lobbying Reports nor the content of the originally filed Amended Lobbying Reports shall form the basis of or otherwise give rise to any additional civil penalty action against any of the Lobbying Entities by or before the New York Temporary State Commission on Lobbying including, but not limited to, any investigation or civil penalty hearing.
- III. With respect to any alleged reporting deficiencies that are corrected by the filing by the Lobbying Entities of any of the Amended Lobbying Reports or amendments thereto referred to in Paragraphs I and II, the Lobbying Entities hereby waive their right to a civil penalty hearing before the New York Temporary State Commission on Lobbying.
- IV. The New York Temporary State Commission on Lobbying hereby agrees not to conduct a civil penalty hearing with respect to the reporting deficiencies referred to in Paragraph III hereof.
- V. The Lobbying Entities hereby agree they shall be jointly and severally liable to pay the aggregate \$250,000 civil penalty to the New York Temporary State Commission on Lobbying in full satisfaction of (a) all civil violations of the New York State Lobbying Act that arose or could have arisen from events occurring on or before July 17, 2000, (b) the reporting deficiencies referred to herein, and (c) any violations that otherwise have been discussed or acknowledged by the Lobbying Entities and the New York Temporary State Commission on Lobbying on or before the date hereof or during the thirty (30) day period referred to in Paragraph II above and Paragraph VI below. The Lobbying Entities acknowledge that this Agreement applies only to civil violations of the New York State Lobbying Act.
- VI. On or before the execution of this Agreement by all parties, the New York Temporary State Commission on Lobbying agrees to inform the Lobbying Entities of all violations and suspected violations of the New York State Lobbying Act by the Lobbying Entities or any of their

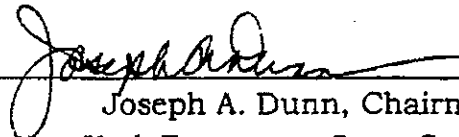
affiliates, employees or agents of which the New York Temporary State Commission on Lobbying is aware or has evidence as of the date of this Agreement. The New York Temporary State Commission on Lobbying further agrees to inform the Lobbying Entities of any such violations or suspected violations or allegations of the same of which it becomes aware in the thirty days following the filings by the Lobbying Entities of the Amended Lobbying Reports and any amendments thereto.

- VII. On or before the date of this Agreement, the Lobbying Entities will inform the New York Temporary State Commission on Lobbying of all such violations of which they are aware.
- VIII. Notwithstanding the provisions of Paragraph V hereof, the Lobbying Entities understand and acknowledge that the New York Temporary State Commission on Lobbying may investigate willful and serious violations, if any, by the Lobbying Entities of the New York State Lobbying Act which occurred after July 17, 2000, and of which, as of the date of this Agreement, the New York Temporary State Commission on Lobbying had no notice, evidence, allegation or information, and any willful violation of the New York State Lobbying Act committed by the Lobbying Entities in the filing of their Amended Lobbying Reports.
- IX. Upon request in writing and upon reasonable notice during the three (3) years after the date hereof, the Lobbying Entities hereby agree to provide the New York Temporary State Commission on Lobbying with copies of any the Lobbying Entities records relating to any compensation or expenses for lobbying activities in the State of New York, provided, however, that the Lobbying Entities may assert any valid objection to such request based on the attorney-client privilege, the attorney work-product doctrine or any other proper privilege.
- X. As a condition of this Agreement, the Lobbying Entities hereby promise and agree that they shall cause to be published the statement attached as Ex. 1 in the media outlets set forth in Ex. 2 in the quantities set forth in Ex. 2. (In no event shall the Lobbying Entities be required to pay more than \$50,000 for publishing of the statement.)
- XI. Should it be determined after a hearing before the New York Temporary State Commission on Lobbying that between the date hereof and December 31, 2000, the Lobbying Entities have failed to perform as set forth above in breach of the promise contained in Paragraph X hereof, the Lobbying Entities jointly and severally promise and agree to pay liquidated damages in the sum of \$260,000 to the New York Temporary State Commission on Lobbying.

XII. That this Agreement can only be amended or modified by an express writing subscribed to by the affected parties.

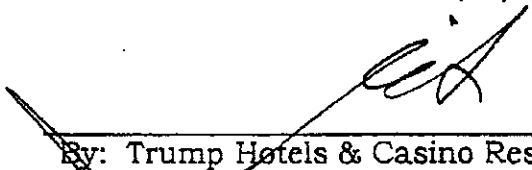
XIII. Notwithstanding the joint and several liability for the payments set forth above, each party shall be individually liable for its Amended Lobbying Reports and the representations and disclosures it makes to the Commission and for any further actions taken by the Commission with respect to such party.

Dated: November 13, 2000



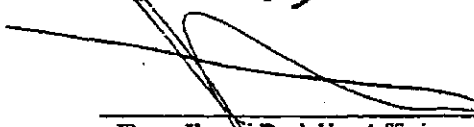
Joseph A. Dunn, Chairman
New York Temporary State Commission
on Lobbying

Dated: November __, 2000




By: Trump Hotels & Casino Resorts, Inc.

Dated: November __, 2000



By: Ikon Public Affairs

Dated: November __, 2000



By: New York Institute for Law and
Society

Exhibit 19



U.S. Securities and Exchange Commission

SEC Brings First Pro Forma Financial Reporting Case *Trump Hotels Charged With Issuing Misleading Earnings Release*

**FOR IMMEDIATE RELEASE
2002-6**

Washington, D.C., January 16, 2002 — In its first pro forma financial reporting case, the Securities and Exchange Commission instituted cease-and-desist proceedings against Trump Hotels & Casino Resorts Inc. for making misleading statements in the company's third-quarter 1999 earnings release. The Commission found that the release cited pro forma figures to tout the Company's purportedly positive results of operations but failed to disclose that those results were primarily attributable to an unusual one-time gain rather than to operations.

"This is the first Commission enforcement action addressing the abuse of pro forma earnings figures," said Stephen M. Cutler, Director of the Commission's Division of Enforcement. "In this case, the method of presenting the pro forma numbers and the positive spin the Company put on them were materially misleading. The case starkly illustrates how pro forma numbers can be used deceptively and the mischief that they can cause."

Trump Hotels consented to the issuance of the Commission's order without admitting or denying the Commission's findings. The Commission also found that Trump Hotels, through the conduct of its chief executive officer, its chief financial officer and its treasurer, violated the antifraud provisions of the Securities Exchange Act by knowingly or recklessly issuing a materially misleading press release.

"This case demonstrates the risks involved in mishandling pro forma reporting," said Wayne M. Carlin, Regional Director of the Commission's Northeast Regional Office. "Enforcement action can result if a company fails to disclose information necessary to assure that investors will not be misled by the pro forma numbers."

Specifically, [as set forth in the Order](#), which is available [on the Commission's website](#), the Commission found that:

- On Oct. 25, 1999, Trump Hotels issued a press release announcing its quarterly results. The release used net income and earnings-per-share (EPS) figures that differed from net income and EPS calculated in conformity with generally accepted accounting principles (GAAP), in that the figures expressly excluded a one-time charge. The earnings release was fraudulent because it created the false and misleading impression that the Company had exceeded earnings expectations primarily through operational improvements, when in fact it had not.
- The release expressly stated that net income and EPS figures excluded a \$81.4 million one-time charge. Although neither the earnings release nor the accompanying financial data used the term pro forma, the net income and EPS figures used in the release were pro forma numbers because they differed from such figures calculated in conformity with GAAP by excluding the one-time charge. By stating

that this one-time charge was excluded from its stated net income, the Company implied that no other significant one-time items were included in that figure.

- Contrary to the implication in the release, however, the stated net income included an undisclosed one-time gain of \$17.2 million. The gain was the result of the termination, in September 1999, of the All Star Café's lease of restaurant space at the Trump Taj Mahal Casino Resort in Atlantic City. Trump Hotels, through various subsidiaries, owns and operates the Taj Mahal and other casino resorts. The Company's executive offices are in New York City, and its business and financial operations are centered in Atlantic City.
 - Not only was there no mention of the one-time gain in the text of the release, but the financial data included in the release gave no indication of it, because all revenue items were reflected in a single line item.
- The misleading impression created by the reference to the exclusion of the one-time charge and the undisclosed inclusion of the one-time gain was reinforced by the comparison in the earnings release of the stated earnings-per-share figure with analysts' earnings estimates and by statements in the release that the Company been successful in improving its operating performance. Using the non-GAAP, pro forma figures, the release announced that the Company's quarterly earnings exceeded analysts' expectations, stating:

Net income increased to \$ 14.0 million, or \$ 0.63 per share, before a one-time Trump World's Fair charge, compared to \$ 5.3 million or \$ 0.24 per share in 1998. [Trump Hotels'] earnings per share of \$ 0.63 exceeded First Call estimates of \$ 0.54.

In addition, the release quoted Trump Hotels' chief executive officer as attributing the stated positive results and improvement from third-quarter 1998 to improvements in the Company's operations.

- In fact, had the one-time gain been excluded from the quarterly pro forma results as well as the one-time charge, those results would have reflected a decline in revenues and net income and would have failed to meet analysts' expectations. The undisclosed one-time gain was thus material, because it represented the difference between positive trends in revenues and earnings and negative trends in revenues and earnings, and the difference between exceeding analysts' expectations and falling short of them.
- On Oct. 25, the day the earnings release was issued, the price of the Company's stock rose 7.8 percent; subsequently, analysts learned of the one-time gain. On Oct. 28, the day on which an analysts' report and a news article revealing the impact of the one-time gain were published, the stock price fell approximately 6 percent.

The Commission found that Trump Hotels violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. The Company was ordered to cease and desist from violating those provisions.

For information about the use and interpretation of pro forma financial information, see the cautionary advice for companies and their advisors at <http://www.sec.gov/news/headlines/proforma-fin.htm> and the investor

alert recently issued by the Commission at
<http://www.sec.gov/investor/pubs/proforma12-4.htm>.

Contact: Wayne M. Carlin tel.: (646) 428-1510

Additional Materials

- [Order re: Trump Hotels & Casino Resorts, Inc.](#)
- [SEC Caution Regarding "Pro Forma" Financials](#)
- [Investor Alert Regarding "Pro Forma" Financials](#)

<http://www.sec.gov/news/headlines/trumphotels.htm>

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Modified: 01/16/2002

**U.S. Securities and Exchange Commission****United States of America
Before the
Securities and Exchange Commission****Securities Exchange Act of 1934
Release No. 45287 / January 16, 2002****Accounting and Auditing Enforcement
Release No. 1499 / January 16, 2002****Administrative Proceeding
File No. 3-10680**

_____	ORDER INSTITUTING
In the Matter of	: CEASE-AND-DESIST
	: PROCEEDINGS
TRUMP HOTELS &	: PURSUANT TO SECTION
CASINO RESORTS, INC.	: 21C OF THE SECURITIES
	: EXCHANGE ACT OF 1934,
Respondent.	: MAKING FINDINGS, AND
_____	: ISSUING CEASE-AND-
	: DESIST ORDER ORDER

I.

The Securities and Exchange Commission ("Commission") deems it appropriate that cease-and-desist proceedings pursuant to Section 21C of the Securities Exchange Act of 1934 ("Exchange Act") against Respondent Trump Hotels & Casino Resorts, Inc. ("THCR" or "the Company") be, and hereby are, instituted.

II.

In anticipation of the institution of these cease-and-desist proceedings, THCR has submitted an Offer of Settlement ("Offer"), which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or in which the Commission is a party, and without admitting or denying the findings set forth herein, except that THCR admits the jurisdiction of the Commission over it and over the subject matter of these proceedings, THCR, by its Offer of Settlement, consents to the entry of this Order Instituting Cease-and-Desist Proceedings Pursuant to Section 21C of the Securities Exchange Act of 1934, Making Findings, and Issuing Cease-and-Desist Order ("Order").

III.

On the basis of this Order and the Offer, the Commission makes the following findings:

Summary

A. On October 25, 1999, THCR issued a press release announcing its results for the third quarter of 1999 (the "Earnings Release" or the "Release"). To

announce those results, the Release used a net income figure that differed from net income calculated in conformity with generally accepted accounting principles ("GAAP"). Using that non-GAAP figure, the Release touted THCR's purportedly positive operating results for the quarter and stated that the Company had beaten analysts' earnings expectations.

B. The Earnings Release was materially misleading because it created the false and misleading impression that the Company had exceeded earnings expectations primarily through operational improvements, when in fact it had not. The Release expressly stated that the net income figure excluded a one-time charge. The statement that this one-time charge was excluded implied that no other significant one-time items were included in THCR's stated net income. Contrary to that implication, however, the stated net income included an undisclosed one-time gain of \$17.2 million.

C. The misleading impression created by the reference to the single one-time charge and the undisclosed inclusion of the one-time gain was reinforced by the comparison of the stated earnings-per-share figure with analysts' earnings estimates and by statements in the Release that the Company had been successful in improving its operating performance. In fact, without the one-time gain, the Company's revenues and net income would have decreased from the prior year and the Company would have failed to meet analysts' expectations. The undisclosed one-time gain was thus material, because it represented the difference between positive trends in revenues and earnings and negative trends in revenues and earnings, and the difference between exceeding analysts' expectations and falling short of them.

D. By knowingly or recklessly issuing a materially misleading press release, THCR violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

Settling Respondent

E. THCR is a publicly-held Delaware corporation. Through various subsidiaries, it owns and operates the Trump Taj Mahal Casino Resort (the "Taj Mahal") located in Atlantic City, New Jersey, as well as other casino resorts. THCR and its subsidiaries file reports, including their financial statements, on a consolidated basis. The Company's common stock is registered with the Commission pursuant to Section 12(b) of the Exchange Act and is traded on the New York Stock Exchange. The Company's executive offices are in New York City, and its business and financial operations are centered in Atlantic City.

Facts

The All Star Gain

F. In September 1999, Taj Mahal Associates ("Taj Associates"), a THCR subsidiary, took over the All Star Café located in the Taj Mahal Casino from Planet Hollywood International, Inc. On September 15, 1999, Taj Associates, Planet Hollywood, and the All Star Café, Inc. reached an agreement pursuant to which, effective September 24, 1999, the All Star Café's lease of space at the Taj Mahal would be terminated and All Star would be relieved of its rental obligations to THCR. In return, Taj Associates would receive the All Star Café's leasehold improvements, alterations, and certain personal property. Because the Taj Mahal was going to continue to use the space as a restaurant, the Company's outside auditor advised that Taj Associates should record as operating income the fair market value of the leasehold improvements, alterations and personal property reverting to Taj Associates. Based on this advice and on an independent appraisal, and

in conformity with GAAP, Taj Associates (and, on a consolidated basis, THCR) recorded \$17.2 million, the estimated fair market value of these assets, as a component of operating income for the third quarter of 1999.

The Earnings Release

G. On October 25, 1999, THCR issued the Earnings Release, publicly announcing its results for the third quarter of 1999. The Release, and the accompanying financial data, defined net income, or net profit, for the quarter as income before a one-time Trump World's Fair closing charge of \$81.4 million. Using this "*pro forma*" net income,¹ the Release announced that the Company's quarterly earnings exceeded analysts' expectations, stating:

Net income increased to \$14.0 million, or \$0.63 per share, before a one-time Trump World's Fair charge, compared to \$5.3 million or \$ 0.24 per share in 1998. THCR's earnings per share of \$0.63 exceeded First Call estimates of \$0.54.²

H. The Release fostered the false and misleading impression that the positive results and improvement from third-quarter 1998 announced by the Company were primarily the result of operational improvements. In the Release, THCR's chief executive officer ("CEO") was quoted as saying:

Our focus in 1999 was three-fold: first, to increase our operating margins at each operating entity; second, to decrease our marketing costs; and third, to increase our cash sales from our non-casino operations. We have succeeded in achieving positive results in each of the three categories. The third quarter and nine month results for the company indicate that we have successfully instituted the programs that we focused on during 1999.

I. The Release failed to disclose, however, that the Company's *pro forma* net income for the quarter included the one-time gain resulting from the All Star Café lease termination. Accordingly, it failed to disclose the impact of that \$17.2 million one-time gain upon the Company's \$14 million *pro forma* net income or upon any of the other figures cited in the Release. Not only was there no mention of the one-time gain in the text of the Release, but the financial data included in the Release gave no indication of it, because, as discussed below, all revenue items were reflected in a single line item.

J. In fact, quarterly *pro forma* results that excluded the one-time gain as well as the one-time charge would have reflected a decline in revenues and net income and would have failed to meet analysts' expectations. The table below illustrates the impact of the one-time gain on the trends reported in the Earnings Release:

	3rd Q 1998	3rd Q 1999 Per Release	3rd Q 1999 Excluding One-Time Gain
(In thousands)			
Revenues	\$397,387	\$403,072	\$385,872
Net Income	\$5,312	\$13,958	\$3,048
EPS	\$0.24	\$0.63	\$0.14

K. The Earnings Release was misleading. The Release used *pro forma* numbers that implied that all significant one-time items had been excluded, when they had not. The Release compared the *pro forma* EPS to analysts'

expectations for quarterly EPS, which are generally and were in this case calculated on the basis of continuing business operations, thus reinforcing the false implication that all one-time items had been excluded. Moreover, the Release highlighted improvements in the Company's operations, i.e., the Company's increased operating margins, decreased marketing costs, and increased cash sales from non-casino operations.³ By making these representations about THCR's quarterly performance, without disclosing the existence or impact of the one-time gain, the Release created the false and misleading impression that the Company's third-quarter results had improved over the results for third-quarter 1998 and had exceeded analysts' expectations primarily because management had been effective in improving the Company's operating performance.⁴

Preparation of the Earnings Release

L. Historically, THCR announced its quarterly results in an earnings release that included financial data presented in a format similar to that of a Form 10-Q or Form 10-K financial statement. Among other things, financial data in these earlier earnings releases itemized revenues (on a Company-wide basis and also by property) by "Casino," "Rooms," "Food & Beverage," and "Other." In the third quarter of 1999, however, at the direction of the Company's CEO, and following similar models used by some of THCR's competitors, the Company adopted a less detailed, or "streamlined," format for the financial data contained in its earnings releases. Unlike the more detailed format used in earlier quarters, the new, streamlined format did not break out revenue items, but instead disclosed revenue as a single line item for each casino. Thus, the streamlined format did not break out "other revenue," the line-item classification in which the \$17 million one-time All Star Café gain would have been reported under the old format.

M. The Earnings Release was prepared by the Company's corporate treasurer ("Treasurer") and its chief financial officer ("CFO"), under the supervision of the CEO, who approved the contents of the Release and made the decision to issue it. The contract of the CEO expired in June 2000 and was not renewed; he is no longer associated with the Company.⁵

N. When the Release was issued, THCR knew that the estimated fair market value of the All Star Café lease termination would be recorded as part of operating income for third-quarter 1999 and that the estimated fair market value of the transaction was \$17.2 million. The Company also knew that the Earnings Release used a *pro forma* net income figure that expressly excluded the \$81.4 million one-time charge but did not disclose the existence or impact of the \$17.2 million one-time gain.

Publication of the Earnings Release and the Aftermath

O. At 10:00 a.m. on October 25, 1999, the day the Earnings Release was issued, THCR held a conference call with analysts. During the call, the CEO told the analysts that increasing non-casino sales at the Taj Mahal had been a priority over the past year, and cited the Taj Mahal's third-quarter revenues as evidence that the emphasis had paid off. The CEO did not say that the Taj Mahal's non-casino revenue had increased primarily because of the All Star Café transaction.⁶

P. Immediately after the issuance of the Earnings Release and the conference call, analysts began asking questions about the details of the Company's increase in revenues. Within hours of the conference call, THCR's CFO spoke to several analysts who called with questions about specific aspects of Company's third-quarter results, and he provided them with information about the All Star Café gain. Over the next few days,

additional analysts raised questions about the quarterly results, and the lack of detail in the Earnings Release. As a result, the Company's CFO and Treasurer attempted to speak to every analyst who had been on the conference call to explain the All Star Café transaction. In addition, the Company decided to accelerate the filing of its 10-Q for the quarter, which would contain a description of the one-time gain.

Q. After learning about the one-time gain, certain analysts informed their clients of its impact. One analyst at Bear, Stearns & Co. notified his clients on October 27, 1999 that the increased third-quarter EPS resulted from the inclusion in revenue of the one-time All Star Café gain. On October 28th, analysts at Deutsche Banc Alex Brown issued a report on the effect of the one-time gain, which was disseminated to subscribers to Deutsche Banc research over the First Call Research Network. The Deutsche Banc analysts reported that Company management had disclosed that day that roughly \$0.47 of the \$0.63 third-quarter *pro forma* EPS the Company had previously reported "were not operating EPS but were actually the result of an accounting gain." The analysts determined that after backing out the one-time \$17 million gain, THCR's net revenues would have fallen 2.7 %, rather than rising 1.5 % as they did when the one-time gain was included. The Deutsche Banc report also explained that, without the one-time gain, the Company experienced negative trends in Company-wide cash flows and margins, as well as in Taj Associates' revenues from operations, rather than the positive trends indicated by the Earnings Release. Adjusting for the impact of the one-time gain, the Deutsche Banc analysts lowered their 1999 EPS estimate from -\$1.17, contained in their initial report on THCR's third-quarter results, to -\$1.64.⁷

R. On October 25th, the day the Earnings Release was issued, the price of the Company's stock rose 7.8 % (from \$ 4 to \$ 4.3125), on volume approximately five times the previous day's volume. On October 28th, the day of the second Deutsche Banc analysts' report, the stock price fell approximately 6%, on volume approximately four times the previous day's volume.⁸

S. On November 4, 1999, THCR filed its quarterly report on Form 10-Q. The 10-Q disclosed the existence and amount of the one-time gain in a footnote to the financial statements.

THCR Violated Section 10(b) of the Exchange Act and Rule 10b-5 Thereunder

T. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder make it unlawful, in connection with the purchase or sale of securities, "to make any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading."

U. To violate Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, a misrepresentation or omission must be material, meaning that a reasonable investor would have considered the misrepresented or omitted fact important when deciding whether to buy, sell or hold the securities in question. See *Basic Inc. v. Levinson*, 485 U.S. 224, 231-32, 108 S. Ct. 978, 983 (1988). To constitute a violation, the material misstatement or omission must be made with scienter. *Aaron v. SEC*, 446 U.S. 680, 701-02, 100 S. Ct. 1945, 1958 (1980). Scienter can be shown by knowledge of the misrepresentation and, in the Second Circuit, by reckless disregard for the truth or falsity of a representation. *Sirota v. Solitron Devices, Inc.*, 673 F.2d 566, 575 (2d Cir. 1982), cert. denied, 459 U.S. 838 (1982). Recklessness is defined as "conduct which is highly unreasonable and which represents an extreme departure from the standards of ordinary care . . . to the extent

that the danger was either known to the defendant or so obvious that the defendant must have been aware of it." *Rolf v. Blyth, Eastman Dillon & Co.*, 570 F.2d 38, 47 (2d Cir.), cert. denied, 439 U.S. 1039 (1978); see also *SEC v. McNulty*, 137 F.3d 732, 741 (2d Cir. 1998) (applying *Rolf* recklessness standard).

V. Thus, an issuer that knowingly or recklessly makes false or misleading statements in public announcements to investors, including press releases and other public statements, violates Section 10(b) and Rule 10b-5. See *SEC v. Koenig*, 469 F.2d 198 (2d Cir. 1972); *SEC v. Great American Industries, Inc.*, 407 F.2d 453 (2d Cir. 1967), cert. denied, 395 U.S. 920 (1969). See also *SEC v. Texas Gulf Sulphur Co.*, 401 F.2d 833, 861-63 (2d Cir. 1968) (en banc), cert. denied, 394 U.S. 976 (1969). In *Public Statements by Corporate Representatives*, Securities Act Rel. No. 6504 (January 1984), the Commission reminded registrants that Section 10(b) and Rule 10b-5 apply to all public statements by persons speaking on behalf of a public company. The Commission also made clear that public announcements and press releases constitute public statements. *Id.* See also *In re Carter-Wallace, Inc. Sec. Litig.*, 150 F.3d 153 (2d Cir. 1998) (advertisements by issuer can be "in connection with" the purchase or sale of securities); *Sunbeam Corporation*, Exchange Act Rel. No. 44305 (May 15, 2001) (issuer violated Section 10(b) and Rule 10b-5 when it disseminated materially false and misleading press releases).

W. The omission from the Earnings Release of the information that THCR's *pro forma* net income included a \$17.2 million one-time gain was misleading, for several reasons.⁹ Absent disclosure to the contrary, the use of *pro forma* numbers in an earnings release reasonably implies that any adjustments to GAAP numbers were made on a consistent basis and do not obscure a significant result or a trend reflected in the GAAP numbers. Here, THCR's express exclusion of a one-time charge reasonably implied that no other significant one-time item was included in the *pro forma* net income figure. This implication was reinforced by the Company's assertions in the Release that its quarterly results had exceeded analysts' EPS expectations, which are generally, and were in this case, a measure of expected operating performance. Moreover, the misleading impression created by the use of the *pro forma* net income figure without disclosing the inclusion of the one-time gain was reinforced by the statements in the Release about improvements in the Company's operating performance, specifically, improvements in operating margins, marketing costs, and sales from non-casino operations.

X. In the context of the express exclusion from *pro forma* net income of the one-time charge, the comparison to analysts' earnings expectations, and the statements about the Company's operational improvements, the omission of information about the one-time gain was material, because the undisclosed one-time gain represented the difference between positive trends in revenues and earnings and negative trends in revenues and earnings, and the difference between exceeding analysts' expectations and falling short of them. Thus, the omission of information about the one-time gain obscured a negative trend and a failure to meet analysts' expectations, and therefore could reasonably have led analysts and investors to draw false conclusions about THCR's quarterly results.

Y. THCR, through the THCR officers involved in the drafting and issuance of the Earnings Release, knew that the estimated fair market value of the All Star Café lease termination was recorded as part of operating income for third-quarter 1999 and that the estimated fair market value of the transaction was \$17.2 million. THCR knew that the Earnings Release used a *pro forma* net income figure that expressly excluded the one-time charge but did not disclose the existence or impact of the one-time gain.

Accordingly, THCR knew or recklessly disregarded that the Earnings Release was materially misleading.

Z. While engaged in the conduct described above, THCR, directly and indirectly, used the means or instrumentalities of interstate commerce or the mails.

AA. Based on the foregoing, THCR violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder by knowingly or recklessly issuing the Earnings Release.

IV.

In view of the foregoing, the Commission deems it appropriate to accept the Offer submitted by THCR and impose the cease-and-desist order specified in the Offer. In determining to accept the Offer, the Commission considered remedial acts promptly undertaken by THCR, and the limited duration of the violations.

V.

Accordingly, IT IS ORDERED, pursuant to Section 21C of the Exchange Act, that THCR cease and desist from committing or causing any violation, and any future violation, of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder.

By the Commission.

Jonathan G. Katz
Secretary

Endnotes

¹ Although neither the text of the Release nor the accompanying financial data used the term "*pro forma*," the net income figure was *pro forma* in that it differed from net income calculated in conformity with GAAP by excluding the one-time charge. (Accordingly, the net income figure is hereafter referred to as "*pro forma* net income" and the earnings-per-share figure derived from the *pro forma* net income is referred to as "*pro forma* EPS.") The Release also used another *pro forma* figure, EBITDA, which it defined as earnings before interest, taxes, depreciation, amortization, corporate expenses and the \$81.4 million Trump World's Fair closing charge.

² The financial data contained in the Release also included figures for net income (loss) and earnings per share for the quarter that, in compliance with GAAP, included the World's Fair charge. Those figures were, respectively, a loss of \$67.4 million and earnings per share of -\$3.04.

³ Although the statements about increased operating margins, decreased marketing costs, and increased cash sales from non-casino operations were nominally true, in the context of the Earnings Release they were misleading, because, without the \$17.2 million one-time gain, the increases in margins and cash from non-casino operations were negligible. Excluding the one-time gain, THCR's operating margins increased by 0.4% from third-quarter 1998 and its non-gaming revenue increased by \$1.8 million, or approximately 2.25%. The Company's marketing costs (as represented by promotional allowances) decreased by approximately \$549,000, or approximately 1%.

⁴ See note 7, *infra* (noting that the first research report by Deutsche Banc after the issuance of the Earnings Release had reported that the Company's

\$0.63 third-quarter EPS was driven by margin gains).

⁵ In addition, after the events at issue, the Company established a procedure by which earnings releases are reviewed by the Audit Committee before they are issued.

⁶ Without the \$17.2 million one-time gain, non-casino sales at the Taj Mahal increased by only \$300,000, or less than one percent, from third-quarter 1998 to third-quarter 1999.

⁷ The Deutsche Banc analysts first issued a report on THCR's third-quarter performance (also disseminated via First Call) on October 26th. The earlier report's headline announced that Trump Hotels had reported third-quarter operating EPS of \$0.63, driven by margin gains. The analysts had also reported that net revenues were up 1.5%, despite a 1.3 % decline in gaming revenues at the Company's three Atlantic City properties. In the initial report, the analysts had said that the net revenue increase was the result of an increase in cash flow and profitability at the Atlantic City properties (including the Taj Mahal) and concluded that the increase in cash flow indicated that the Company's emphasis on cost reduction had been effective. As a result of the reported quarterly performance, in the initial report, the Deutsche Banc analysts had raised their 1999 EPS estimate.

⁸ October 28th was also the date on which an article discussing the impact of the one-time gain and the Company's failure to disclose it in the Earnings Release appeared in the *Atlantic City Press*.

⁹ As explained in note 1 above, the Earnings Release did not use the term *pro forma* but the figures in the Release were *pro forma* numbers in that they differed from numbers calculated in conformity with GAAP. Even if the Release had identified the numbers as *pro formas*, however, the Release would still have been misleading for the reasons discussed above. The presence or absence of the term *pro forma* is not, in and of itself, dispositive of the question of whether an earnings release or financial statement is misleading.

<http://www.sec.gov/litigation/admin/34-45287.htm>

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Modified: 01/16/2002

EXHIBIT II

**THE DISTRICT OF COLUMBIA
ALCOHOLIC BEVERAGE CONTROL BOARD**

<hr/>)	
In the Matter of:)	
)	
Trump Old Post Office, LLC)	License No: ABRA-100648
Trump International Hotel)	
)	
Operator's Retail Permit)	
Of a Retailer's Class C License)	
)	
at premises)	
1100 Pennsylvania Avenue, NW)	
Washington, DC 20004)	
<hr/>)	

BEFORE: Donovan Anderson, Chairperson
 Nick Alberti, Member
 Donald Isaac Sr., Member
 Rema Wahabzadah, Member
 Bobby Cato, Jr., Member
 James Short, Jr., Member
 Mike Silverstein, Member

**SUPPLEMENT TO COMPLAINT TO SHOW CAUSE WHY THE TRUMP
INTERNATIONAL HOTEL ALCOHOLIC BEVERAGE LICENSE SHOULD NOT BE
REVOKED**

In supplementation to the complaint to show cause why the Trump International Hotel license to sell alcoholic beverages should not be revoked, attached at Exhibit 1 is a column written by Colbert King and published on July 6, 2018 by the *Washington Post*, in which Mr. King calls for the Board to weigh in on this matter, notes that the complainants are “serious and prominent” members of the community and agrees that the complaint made out a “good case” of Mr. Trump’s

lack of “good character.”¹ In response to Mr. King’s op-ed, over 520 people have posted online comments to date, overwhelmingly in favor of revoking the liquor license.²

Mr. King also made an observation about the law which warrants correcting. He incorrectly noted that, over 37 years ago, the District of Columbia Court of Appeals held that the statutory requirement of good moral character and general fitness simply proscribes illegal conduct and no more, and he mistakenly suggested that such a standard applies today.³ In fact, in this decision, *Haight v. ABC Board*, 439 A.2d 487 (D.C. 1981), the Court made no such ruling. Rather, as the Court emphasized, it was called upon merely to determine if the Board had exceeded its “considerable discretion” by excluding evidence of a license applicant’s previous conduct of selling legal drug paraphernalia products. *Id.* at 492.⁴ In ruling that the Board had acted within its discretion in only considering evidence of the applicant’s prior conduct if it was illegal, the Court

¹ See Colbert I. King, “Should the Trump Hotel Lose Its Liquor License over Trump’s Lack of ‘Good Character?’” WASH. POST, July 6, 2018, available at https://www.washingtonpost.com/opinions/should-the-trump-hotel-lose-its-liquor-license-over-trumps-lack-of-good-character/2018/07/06/1a939df4-806e-11e8-b660-4d0f9f0351f1_story.html?utm_term=.0f9b9264191e, attached as Exhibit 1. See also Colbert I. King, “Trump Is a Baldfaced Liar,” WASH. POST, June 22, 2018, available at https://www.washingtonpost.com/opinions/trump-is-a-bald-faced-liar/2018/06/22/75d70334-7576-11e8-805c-4b67019fcfe4_story.html?utm_term=.3e84a94036ae.

² See King, “Should the Trump Hotel Lose Its Liquor License over Trump’s Lack of ‘Good Character?’” *supra* note 1.

³ See *id.*

⁴ The Court’s opinion noted that not only did the Board have considerable discretion in ruling on the admissibility of evidence, see *Haight*, 439 A.2d at 491, but also that the Court has a limited role in reviewing both the Board’s evidentiary rulings and its interpretation of the statutory requirements governing a liquor license. See *id.* Subsequent decisions are consistent. See *Acott Ventures, LLC v. D.C. Alcoholic Beverage Control Bd.*, 135 A.3d 80, 88 (D.C. 2016) (“We undertake only limited review of an administrative agency’s decision, affirming unless we conclude that the decision was either unsupported by substantial evidence in the record or arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law.”); *Panutat, LLC v. D.C. Alcoholic Beverage Control Bd.*, 75 A.3d 269, 272 (D.C. 2013); *Recio v. D.C. Alcoholic Beverage Control Bd.*, 75 A.3d 134, 141 (D.C. 2013); *800 Water St., Inc. v. D.C. Alcoholic Beverage Control Bd.*, 992 A.2d 1272, 1274 (D.C. 2010); *Holzsager v. D.C. Alcoholic Beverage Control Bd.*, 979 A.2d 52, 58 (D.C. 2009) (“[W]e will defer to and uphold the Board’s interpretation of Title 25 and legislative enactments affecting it as long as the interpretation ‘is reasonable and not plainly wrong or inconsistent with [the] legislative purpose.’”) (citation omitted)); *Gerber v. D.C. Alcoholic Beverage Control Bd.*, 499 A.2d 1193, 1196 (D.C. 1985). Thus, should this Board properly hold a show cause hearing and determine that the evidence regarding Donald Trump’s prior conduct does not satisfy the statutory good character requirement, the likelihood of the Board decision being upheld on appeal is high.

expressly did not preclude a future Board from considering otherwise legal conduct in making determinations of an owner's good character and instead specifically remarked: “[W]e do not necessarily suggest that the Board could never require more of its license applicants than mere compliance with the law.” *Id.* at 493 n.11 (emphasis added). Rather, it noted that the Board had acted within its discretion in that case because the applicant could have complained that he had no prior notice that selling legal drug paraphernalia could be a basis for denying him a license to sell alcoholic beverages. Where an applicant has “fair notice” that conduct beyond illegal conduct can be considered, the *Haight* Court indicated that such conduct could be considered in determination of good character.⁵

Since the *Haight* decision, the Board has put license holders and applicants on notice that it will consider more than mere compliance with the law in determining their good character. For instance, in *In re On the Rocks LLC*, D.C. Alcoholic Beverage Control Bd., Aug. 16, 2017, the Board considered an applicant's “propensity for being truthful” in ruling on the applicant's fitness for a license.⁶ In another matter, the Board, quoting from the legislative history of § 25-301, noted that the character and fitness requirement “provides for a meticulous examination of the character of the manager ... as well as the owner or applicant” and that “if anyone, in the estimation of the liquor board, is not of proper character ... no license will be issued.” *In re Melles Hospitality Group, LLC*, D.C. Alcoholic Beverage Control Bd., Apr. 9, 2014, at 4 (internal quotation marks

⁵ Since the Board rendered that decision 37 years ago, DC has amended the statute to require “the true and actual owner” to be “of good character,” a term which means more than merely having engaged in “illegal conduct.” A simple look at the text of the statute makes that plain. In Section 25-301 of the D.C. Code, the statute requires the owner to be “of good character,” D.C. Code § 25-301(a)(1), and separately requires the owner not to have been either “convicted of any felony in the 10 years before filing the application,” D.C. Code § 25-301(a)(3), or “convicted of any misdemeanor bearing on fitness for licensure in the 5 years before filing the application.” D.C. Code § 25-301(a)(4). The City Council therefore distinguished between “good character” and criminal “convictions” in the statute itself.

⁶ <https://abra.dc.gov/sites/default/files/dc/sites/abra/publication/attachments/OntheRocks08162017.pdf>

and citation omitted) (holding that applicants cannot “shield their prior bad acts from scrutiny by the mere creation of a corporation or a limited liability company.”).⁷ Thus, the Board today has ample legal authority to measure the good character of the true and actual owner by means other than his mere compliance or non-compliance with the law.⁸

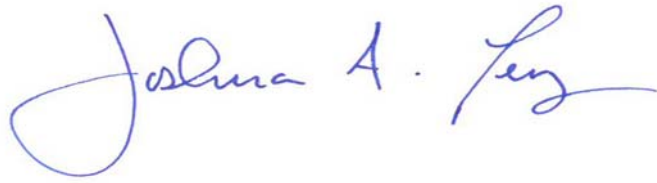
Good character must therefore also include other misconduct even if not illegal.⁹ As the complaint has set forth, Mr. Trump has exhibited a reckless disregard for the truth, *see* Compl. at 9-14, along with many other examples demonstrating that his absence “of good character,” and the hotel should be compelled to show cause, on that basis, why its liquor license should not be revoked.

⁷ <https://abra.dc.gov/sites/default/files/dc/sites/abra/publication/attachments/TheAlibiRestaurantandLounge-DenialofApplicantMotionforReconsideration-492014.pdf>

⁸ Last year, when interpreting the current and applicable version of the statute, the Board found that it “*may* consider an applicant's participation and involvement in illegal activity” to determine whether the owner is “of good character.” *In re On the Rocks LLC*, D.C. Alcoholic Beverage Control Board, Aug. 16, 2017 (emphasis added), *available at* <https://abra.dc.gov/sites/default/files/dc/sites/abra/publication/attachments/OntheRocks08162017.pdf>. By finding that the Board “may” consider illegal activity, it follows *a priori* that evidence of illegal activity is not the only indicia of character and fitness which the Board may consider. As such, the Board, in the same decision, also found that it may take into the consideration the owner’s “propensity for being truthful” when evaluating his “good character” *vel non*. *See id.* (noting that each owner must be evaluated on a “case-by-case basis,” as the character of each owner “will necessarily differ from one ... to the next....”) (quoting *Gerber v. D.C. ABC Bd.*, 499 A.2d 1193, 1195 (D.C. 1985); *see also In re Aalemu Investments, LLC*, D.C. Alcoholic Beverage Control Bd., at ¶ 35 Mar. 4, 2015 (rejecting the application on the basis of “good character” and “fitness,” and noting that the “Board *may* weigh illegal conduct when considering whether an applicant is fit for licensure,” but not limiting its review to such conduct) (emphasis added), <https://abra.dc.gov/sites/default/files/dc/sites/abra/publication/attachments/SignatureLounge-342015.pdf>).

⁹ For purposes of evaluating Mr. Trump’s “illegal conduct,” the June 20, 2018 complaint set forth ample evidence of it on the part of Donald J. Trump, *see* Compl. at 16-18 & 20-24 (listing settlements of over a dozen cases alleging illegal conduct), who also remains a subject of a criminal investigation conducted by the special counsel and whose foundation is the defendant before the New York State Attorney General.

Respectfully submitted,

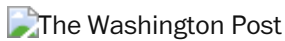


July 10, 2018

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EXHIBIT 1



Opinions

Should the Trump hotel lose its liquor license over Trump's lack of 'good character'?

by [Colbert I. King](#) July 6 [✉Email the author](#)

At first blush, the [citizens' complaint](#) filed June 20 with the District's Alcoholic Beverage Control Board seeking to [revoke](#) the Trump International Hotel's liquor license might be dismissed as frivolous. After all, the Trump hotel, located in the [Old Post Office](#) on Pennsylvania Avenue, has been [up and running](#) since October 2016, selling booze, fruit of the vine and beer to any adult who can cover the check.

A closer read, however, makes a good case for the ABC board's taking a hard look at the complainants' argument that Donald Trump, the "true and actual owner" of the Trump Old Post Office LLC trading as the Trump International Hotel, is not a person of "good character" as required by law.

The complaint, filed on behalf of seven D.C. residents by attorney Joshua A. Levy, contends that if good character involves an evaluation of someone's moral and ethical qualities, including the virtues of honesty, integrity and how a person treats others, especially the less fortunate, then Trump flunks the test because of his behavior "both before and during his presidency."

Without question, the [seven complainants](#) aren't cranks, bit players or self-aggrandizing attention-seekers. They are serious and prominent citizens drawn from the civic and religious sectors of our nation's capital.

From the courts:

Henry H. Kennedy Jr., an inactive senior U.S. District Court judge, who served on the federal bench from 1997 until his [retirement](#) in 2011. Kennedy previously spent three years as a federal prosecutor in the District.

Joan Goldfrank, a retired magistrate judge of the D.C. Superior Court who has served as executive attorney of the D.C. Board on Professional Responsibility and senior attorney for the U.S. Department of Justice Professional Responsibility Advisory Office. She is a member of the D.C. Commission on Judicial Disabilities and Tenure, the independent city agency that reviews allegations of misconduct by judges of the D.C. Courts.

From the faith community:

The Rev. William Lamar IV, senior pastor of the city's historic Metropolitan African Methodist Episcopal Church. Lamar was formerly managing director of leadership education at Duke University Divinity School.

The Rev. Jennifer Butler, founding executive director of [Faith in Public Life](#), a strategy center for faith and politics, and former chair of the White House Council on Faith and Neighborhood Partnerships.

The Rev. Timothy Tee Boddie, general secretary and chief administrative officer of the Progressive National Baptist Convention. Boddie also served 11 years as university chaplain at Hampton University in Virginia.

Rabbi Jack Moline, a Conservative rabbi who since 2015 has been executive director and president of [Interfaith Alliance](#) in the District.

Rabbi Aaron Potek, an Orthodox rabbi who works with Jews in their 20s and 30s in the District. He has had internships at Beth Israel Congregation in New Orleans and Hillels at Hunter College and Harvard University, and for two years was the campus rabbi for the Northwestern University Hillel.

Their complaint says the president has "repeatedly been deceitful," specifically citing statements involving his [net worth](#), conflicts of interest and [payments](#) made to pornographic film actress Stormy Daniels. It says he "lacks integrity," citing lawsuits claiming that [Trump University](#) defrauded students; alleging that his companies refused to pay business contractors, "forcing them to go to court to spend money in order to get paid"; noting that at least [16 women](#) have said he sexually assaulted them; and that he has "engaged in racism."

But didn't the ABC board conduct a "good character" investigation at the time that Trump International Hotel filed its license application? Board members apparently didn't find Trump wanting two years ago, it could be argued. But attorney Levy told me in an interview that nothing in the law precludes the board from considering the complaint now. The recent and past events it

notes, he said, require the board to order the hotel to show cause why the board should not suspend or revoke its liquor license.

When I asked the Trump Organization to comment, a spokesperson emailed this response: “The complaint is patently frivolous and an obvious attempt to harass and to distort the law for political gain. Politics has no place in the licensing process and this complaint is an assault on the hundreds of employees who count on the property for their employment and livelihoods.”

Also, it should be noted that back in 1981, the D.C. Court of Appeals, in *Haight v. ABC Board* — another liquor license challenge — [held](#) that the court construed the “statutory requirement of good moral conduct and general fitness . . . simply to proscribe illegal conduct and no more.”

The complainants, therefore, may face a steep hill to climb.

On Friday, the chair of the ABC board, Donovan Anderson, told me that the matter is pending. Here's hoping the board weighs in as it should.

Read more from [Colbert King's archive](#).

Read more:

[Jennifer Rubin: Trump's racist views have not gone unnoticed](#)

[Eugene Robinson; Trump can't make America white again](#)

[The Post's View: The Trump administration's new plan to punish legal immigrants](#)

[The Post's View: The Trump administration traumatizes children in the name of scaring migrants away](#)

[Jack Markell: Do we really want 16 million children without parents?](#)

 **Comments**

Colbert King

Colbert I. “Colby” King writes a column – sometimes about D.C., sometimes about politics – that runs on Saturdays. In 2003, he won the Pulitzer Prize for Commentary. King joined the Post's editorial board in 1990 and served as deputy editorial page editor from 2000 to 2007.

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Review

'Sorry to Bother You' gives Tessa Thompson one of her best roles to date



The Lily's sounds of summer: Help us make a playlist featuring women artists



How smart home devices can be weaponized for domestic violence



EXHIBIT III

**THE DISTRICT OF COLUMBIA
ALCOHOLIC BEVERAGE CONTROL BOARD**

<hr/>)	
In the Matter of:)	
)	
Trump Old Post Office, LLC)	License No: ABRA-100648
Trump International Hotel)	
)	
Operator's Retail Permit)	
Of a Retailer's Class C License)	
)	
at premises)	
1100 Pennsylvania Avenue, NW)	
Washington, DC 20004)	
<hr/>)	

BEFORE: Donovan Anderson, Chairperson
 Nick Alberti, Member
 Donald Isaac Sr., Member
 Rema Wahabzadah, Member
 Bobby Cato, Jr., Member
 James Short, Jr., Member
 Mike Silverstein, Member

**SECOND SUPPLEMENT TO COMPLAINT FOR AN ORDER TO SHOW CAUSE WHY
THE TRUMP INTERNATIONAL HOTEL ALCOHOLIC BEVERAGE LICENSE
SHOULD NOT BE REVOKED**

The complaint in this matter concerns the statutory requirement that “the true and actual owner” of an establishment licensed to serve alcoholic beverages in the District of Columbia be “of good character.” D.C. Code §§ 25-301(a)(1) & (5). Good character, at a bare minimum, means that the owner of a licensee should be honest.¹ As the body ultimately responsible for enforcing and administering the laws relating to alcoholic beverages in the District of Columbia,

¹ A leading dictionary defines “character” as follows: “Your character is your personality, especially how reliable and honest you are. If someone is of good character, they are reliable and honest. If they are of bad character, they are unreliable and dishonest.” COLLINS, Definition of “Character,” available at <https://www.collinsdictionary.com/us/dictionary/english/character>.

the Board must guard against licensing establishments whose owners are known to be dishonest. Dishonesty manifests itself in outright lies, misleading statements and omissions of fact made with the intent to deceive. Where substantial evidence exists that an owner is not a truthful person, the Board must, at the very least, require such a person to make a demonstration as to why he is fit to continue owning an establishment holding a liquor license.

In addition to the other evidence of his bad character set forth in the June 20, 2018 Complaint, the evidence that Donald J. Trump is not truthful has ballooned since the last time the Board might have reviewed Donald Trump's fitness and good character. Indeed, after he informed the Board of his transfer of ownership interests in the hotel to a revocable trust on January 27, 2017,² Mr. Trump has made literally thousands of false or misleading statements.³ Such misrepresentations have become an epidemic during his presidency,⁴ and they alone warrant an order to show cause.⁵

² See Complaint to Show Cause Why the Trump International Hotel Alcoholic Beverage License Should Be Revoked Ex. 6 (Jun. 20, 2018) (letter from S. O'Brien to the DC ABC Board (Jan. 27, 2017)).

³ See Glenn Kessler, Salvador Rizzo, & Meg Kelly, *President Trump Has Made 4,229 False or Misleading Claims in 558 Days*, WASH. POST (Aug. 1, 2018), https://www.washingtonpost.com/news/fact-checker/wp/2018/08/01/president-trump-has-made-4229-false-or-misleading-claims-in-558-days/?utm_term=.2db614a8e7ff; Linda Qiu, *Truth-Testing Trump's 250-Plus Attacks on the Russia Inquiry*, N.Y. TIMES (Aug. 18, 2018), <https://www.nytimes.com/2018/08/18/us/politics/fact-check-trump-russia-election-interference-.html>.

⁴ See Aaron Blake, *The 'Perjury Trap' Is Real. But Trump Set It Himself*, WASH. POST (Aug. 9, 2018), https://www.washingtonpost.com/politics/2018/08/09/perjury-trap-is-real-its-been-set-by-trump/?utm_term=.f39a796629d6 ("The best explanation, from Trump's legal team's perspective, is that he's a serial liar....").

⁵ Another example of his dishonesty and other indicia of bad character was on full display last week, when Mr. Trump misleadingly suggested in the following tweet that District of Columbia officials had artificially inflated their cost estimates for a proposed military parade:

The local politicians who run Washington, D.C. (poorly) know a windfall when they see it. When asked to give us a price for holding a great celebratory military parade, they wanted a number so ridiculously high that I cancelled it. Never let someone hold you up! I will instead...

....attend the big parade already scheduled at Andrews Air Force Base on a different date, & go to the Paris parade, celebrating the end of the War, on November 11th. Maybe we will do

This supplement draws the Board’s attention to a specific set of actions employed by Donald Trump to obfuscate the truth, all designed to protect himself from legal jeopardy. We set forth evidence of Mr. Trump’s role crafting a lie about the meeting that his son Donald Trump, Jr. (“Don Jr.”) agreed to take with a Russian attorney at Trump Tower, on June 9, 2016, which is the subject of an ongoing criminal investigation by the Department of Justice. This submission also provides evidence of Mr. Trump’s cover-up of that lie. Mr. Trump’s behavior serves as a cautionary tale of exactly what this Board and ABRA can expect should they ever have reason to question his hotel’s liquor operations and further serves to justify the Board’s issuance of an order to show cause.

1. Mr. Trump Made Misleading Statements Regarding His Son Donald Trump, Jr.’s June 2016 Meeting with Russian Attorney Natalia Veselnitskaya at Trump Tower.

As has been extensively reported, on June 9, 2016, shortly after Mr. Trump received the Republican nomination for President, there was a meeting at Trump Tower among Natalia Veselnitskaya, several other Russians, and Trump campaign officials Don Jr., Jared Kushner and Paul Manafort. (Because the meeting was held at The Trump Tower in Manhattan, it is referred

something next year in D.C. when the cost comes WAY DOWN. Now we can buy some more jet fighters!

Donald Trump (@realDonaldTrump), TWITTER (Aug. 17, 2018, 6:57 a.m.), <https://twitter.com/realDonaldTrump/status/1030423480725118976>; Donald Trump (@realDonaldTrump), TWITTER (Aug. 17, 2018, 7:10 a.m.), <https://twitter.com/realDonaldTrump/status/1030426536871116801>.

In response, D.C. Mayor Muriel Bowser immediately took to Twitter to expose Mr. Trump’s dishonesty, as follows: “Yup, I’m Muriel Bowser, mayor of Washington DC, the local politician who finally got thru to the reality star in the White House with the realities (\$21.6M) of parades/events/demonstrations in Trump America (sad).” Muriel Bowser (@MurielBowser), TWITTER (Aug. 17, 2018, 7:52 a.m.), <https://twitter.com/MurielBowser/status/1030437239384403968>. See also John Wagner, Peter Jamison, Josh Dawsey & Dan Lamothe, *Trump Cancels Military Parade He Longed to Hold As Concern over Costs Grow*, WASH. POST (Aug. 17, 2018), https://www.washingtonpost.com/politics/trump-blames-dc-officials-for-postponing-his-planned-military-parade/2018/08/17/e96687c8-a205-11e8-8e87-c869fe70a721_story.html?utm_term=.96cd9b59daec; Peter Jamison, *D.C. Mayor Muriel Bowser Takes on Trump – and Takes a Turn in the Limelight*, WASH. POST (Aug. 17, 2018), https://www.washingtonpost.com/local/dc-politics/dc-mayor-muriel-bowser-takes-on-trump--and-takes-a-turn-in-the-limelight/2018/08/17/24cb80c4-a24d-11e8-83d2-70203b8d7b44_story.html?utm_term=.2971ec9e2ce2.

to herein as the “Trump Tower Meeting.”) Putting aside whether such a meeting violated the law,⁶ email traffic that has been released to the public by Don Jr. clearly establishes that the purpose of the meeting was for the Trump campaign to obtain “dirt” on Mr. Trump’s then opponent for President, Hillary Clinton, from Russian government sources. Thus, on June 3, 2016, an email from one of Mr. Trump’s former Russian businesses partners to Don Jr. indicated that Russian officials could provide “official documents and information that would incriminate Hillary and her dealings with Russia and would be very useful to your father,” to which Don Jr. responded, “I love it,” and agreed to schedule a meeting.⁷

⁶ The federal campaign finance criminal statutes, specifically 52 U.S.C. § 30121(a)(2), make it unlawful for any person to solicit, accept, or receive a contribution or donation of money, or other thing of value, from a foreign national in connection with a federal, state or local election.

⁷ The Trump Tower Meeting was arranged by music publicist Rob Goldstone, who sent an email to Don Jr. on June 3, 2016, as follows:

Good morning.

Emin just called and asked me to contact you with something very interesting.

The Crown prosecutor of Russia met with his father Aras this morning and in their meeting offered to provide the Trump campaign with some official documents and information that would incriminate Hillary and her dealings with Russia and would be very useful to your father.

This is obviously very high level and sensitive information but is part of Russia and its government’s support for Mr. Trump – helped along by Aras and Emin. What do you think is the best way to handle this information and would you be able to speak to Emin about it directly?

I can also send this info to your father via Rhona, but it is ultra-sensitive so wanted to send it to you first.

Best, Rob Goldstone.

See Read the Emails on Donald Trump Jr.’s Russia Meeting, N.Y. TIMES (July 11, 2017), <https://www.nytimes.com/interactive/2017/07/11/us/politics/donald-trump-jr-email-text.html>. Don Jr. responded to Mr. Goldstone’s email approximately twenty (20) minutes later on June 3, 2016, by saying *inter alia*, “[I]f it’s what you say I love it especially later in the summer.” *Id.*

On June 7, 2016, Mr. Goldstone followed up after several prior emails exchanges regarding the timing of a meeting, as follows:

Don Hope all is well.

Emin asked that I schedule a meeting with you and the Russian government attorney who is flying over from Moscow this Thursday.

I believe you are aware of the meeting – and so wondered if 3pm or later on Thursday works for you?

I assume it would be at your office.

Despite the fact that the Trump Tower Meeting admittedly was a meeting “to get information on an opponent”⁸ from a foreign government, Mr. Trump crafted a public statement that falsely claimed the meeting was held for a benign purpose. That statement, issued by his son Don Jr. on July 8, 2017, to the *New York Times*, said:

It was a short introductory meeting. I asked Jared [Kushner] and Paul [Manafort] to stop by. We primarily discussed a program about the adoption of Russian children that was active and popular with American families years ago and was since ended by the Russian government, but it was not a campaign issue at the time and there was no follow up.⁹

The making of this misleading statement is now a subject of Special Counsel Mueller’s investigation.¹⁰

The evidence is substantial that Mr. Trump crafted this false statement knowing that members of his campaign (and family) had taken the Trump Tower Meeting for the purpose of obtaining incriminating information about candidate Clinton. Mr. Trump’s attorneys have

Best Rob Goldstone.

Id. Don Jr. then responded to Goldstone’s June 7, 2016 email by setting up the meeting that occurred on June 9, 2016 and included Don Jr.’s brother-in-law, Jared Kushner, and Paul Manafort, the Trump campaign’s recently named Chairman. *Id.*

⁸ See Donald Trump (@realDonaldTrump), TWITTER (Aug. 5, 2018, 5:35 a.m.) (“Fake News reporting, a complete fabrication, that I am concerned about the meeting my wonderful son, Donald, had in Trump Tower. This was a meeting to get information on an opponent, totally legal and done all the time in politics - and it went nowhere. I did not know about it!”), <https://twitter.com/realDonaldTrump/status/1026084333315153924>.

⁹ See, Liam Stack, *Donald Trump Jr.’s Two Different Explanations for Russian Meeting*, N.Y. TIMES (July 9, 2017), <https://www.nytimes.com/2017/07/09/us/donald-trump-jrs-two-different-explanations-for-russian-meeting.html>.

¹⁰ See Jo Becker, Mark Mazzetti, Matt Apuzo, & Maggie Haberman, *Mueller Zeros in on Story Put Together about Trump Tower Meeting*, N.Y. TIMES (Jan. 31, 2018), <https://www.nytimes.com/2018/01/31/us/politics/trump-russia-hope-hicks-mueller.html>. Mr. Mueller is apparently investigating the circumstances of Donald Trump’s role in drafting Don Jr.’s false Russia statement not because it is a crime to lie to the *New York Times* and or to the American public, but because it is further evidence of the intent to obstruct justice. See Zack Beauchamp, *Why Mueller Is Drilling into Trump’s Role in Drafting Don Jr.’s False Russia Statement*, VOX (Sept. 13, 2017), <https://www.google.com/amp/s/www.vox.com/platform/amp/world/2017/9/13/16295236/mueller-trump-letter-july-8-intent>.

explicitly told Special Counsel Mueller that President Trump dictated the statement.¹¹ The publicly available chronology, which is summarized below, makes it highly likely that when he crafted the statement, he knew it was false or, at best, misleading.¹²

As has been reported by the *New York Times*, early on the morning of Friday, July 7, 2017, reporters from the *New York Times* approached White House officials and lawyers with questions about the Trump Tower Meeting.¹³ The reporters told those officials that the *Times* was preparing a story that would reveal the existence of the Trump Tower Meeting, and the reporters asked the White House for more information about the meeting's purpose.¹⁴ As the President and Senior White House officials, including Donald Trump's son-in-law Jared Kushner, were then in Hamburg, Germany for the G-20 summit meeting, White House officials scheduled a call with the reporters for Saturday morning, July 8, 2017.¹⁵ When the call never happened, the *Times* reporters submitted a list of 14 questions about the Trump Tower Meeting,

¹¹ See letter from John M. Dowd & Jay A. Sekulow, Counsel to the President, to Robert S. Mueller, Special Counsel, Re: Request for Testimony on Alleged Obstruction of Justice (Jan. 29, 2018), reprinted in *The Trump Lawyers' Confidential Memo to Mueller, Explained*, N.Y. TIMES (June 2, 2018), <https://www.nytimes.com/interactive/2018/06/02/us/politics/trump-legal-documents.html>. The letter from the President's lawyers indicated as follows: "You have received all of the notes, communications, and testimony indicating that the President *dictated* a short but accurate response to the *New York Times*' article on behalf of his son, Donald Trump Jr." *Id.* (emphasis added).

¹² See Ashley Parker, Carol D. Leonnig, Phillip Rucker, & Tom Hamburger, *Trump Dictated Son's Misleading Statement on Meeting with Russian Lawyer*, WASH. POST (July 31, 2017), https://www.washingtonpost.com/politics/trump-dictated-sons-misleading-statement-on-meeting-with-russian-lawyer/2017/07/31/04c94f96-73ae-11e7-8f39-ccb7d3a2d304_story.html?utm_term=.6d2fe638605b.

¹³ See Jo Becker, Mark Mazzetti, Matt Apuzo, & Maggie Haberman, *Mueller Zeros in on Story Put Together about Trump Tower Meeting*, N.Y. TIMES (Jan. 31, 2018), <https://www.nytimes.com/2018/01/31/us/politics/trump-russia-hope-hicks-mueller.html>.

¹⁴ See *id.*

¹⁵ See *id.*

including a question asking what was discussed at the meeting, and what did the attendees think was going to be discussed there.¹⁶

According to the *Washington Post*, during breaks taken at the G-20 summit, Hope Hicks, the White House director of strategic communications and one of President Trump's most trusted and loyal aides, met with Jared Kushner and spoke on the phone with Don Jr. to discuss the response to the *New York Times*' inquiry.¹⁷ These discussions, which also involved White House spokesperson Josh Raffel, consumed much of July 8, 2017, and by the time the G-20 summit ended, around noon Washington time (6pm in Germany), consensus had been reached to make a transparent statement about the actual purpose of the meeting.¹⁸

According to "people with knowledge of the events," as reported in the *Washington Post*, Donald Trump overruled the consensus and, during the Air Force One flight back to Washington, D.C., oversaw the drafting and issuance of a statement that distorted the purpose of the meeting, omitted material facts about the meeting, and inaccurately described it as primarily about adoption.¹⁹

The publicly available information strongly suggests that Donald Trump knew of the content of the Rob Goldstone and Don Jr. emails from June 2016 when he crafted the misleading statement about the Trump Tower Meeting. That evidence includes the following:

¹⁶ See *id.*

¹⁷ See Ashley Parker, Carol D. Leonnig, Phillip Rucker, & Tom Hamburger, *Trump Dictated Son's Misleading Statement on Meeting with Russian Lawyer*, WASH. POST (July 31, 2017), https://www.washingtonpost.com/politics/trump-dictated-sons-misleading-statement-on-meeting-with-russian-lawyer/2017/07/31/04c94f96-73ae-11e7-8f39-eeb7d3a2d304_story.html?utm_term=.6d2fe638605b.

¹⁸ *Id.*

¹⁹ *Id.*

- In the weeks before the *New York Times* first began asking about the Trump Tower Meeting on July 7, 2017, lawyers and advisors for President Trump, Don Jr., and Jared Kushner, likely including Hope Hicks, had all been debating how to disclose the emails regarding the Trump Tower Meeting.²⁰ This was because Jared Kushner had previously disclosed the meeting in a supplement to his security clearance form,²¹ and his lawyers were then preparing to produce the Trump Tower Meeting email on which he was copied to Congressional committees seeking his documents and testimony.²²
- Mr. Trump worked together with his trusted advisor Hope Hicks on the July 8, 2017, statement to the *New York Times* in the front cabin of Air Force One on the return trip from Hamburg.²³ Although Ms. Hicks refused to answer questions about the July 8, 2017, statement, among other subjects, in her interview before the House Permanent Select Committee on Intelligence,²⁴ the *New York Times* has

²⁰ *Id.*

²¹ See Matt Zapotosky, *Why Jared Kushner Has Had to Update His Disclosure of Foreign Contacts More Than Once*, WASH. POST. (July 17, 2017), https://www.washingtonpost.com/world/national-security/why-jared-kushner-has-had-to-update-his-disclosure-of-foreign-contacts-more-than-once/2017/07/17/b04e8158-6b05-11e7-96ab-5f38140b38cc_story.html?noredirect=on&utm_term=.b84c61b0d46c (reporting that Mr. Kushner had submitted a supplement on June 21, 2017); see also Statement of Jared Kushner to Cong. Comms. (July 24, 2017), S. COMM. ON THE JUDICIARY, 115TH CONG., [https://www.judiciary.senate.gov/imo/media/doc/2017-07-24%20Kushner%20to%20CEG%20DF%20\(Kushner%20Statement\).pdf](https://www.judiciary.senate.gov/imo/media/doc/2017-07-24%20Kushner%20to%20CEG%20DF%20(Kushner%20Statement).pdf).

²² See Ashley Parker, Carol D. Leonnig, Phillip Rucker, & Tom Hamburger, *Trump Dictated Son's Misleading Statement on Meeting with Russian Lawyer*, WASH. POST (July 31, 2017), https://www.washingtonpost.com/politics/trump-dictated-sons-misleading-statement-on-meeting-with-russian-lawyer/2017/07/31/04c94f96-73ae-11e7-8f39-eeb7d3a2d304_story.html?utm_term=.6d2fe638605b.

²³ See *id.*; see also Jo Becker, Mark Mazzetti, Matt Apuzo, & Maggie Haberman, *Mueller Zeros in on Story Put Together about Trump Tower Meeting*, N.Y. TIMES (Jan. 31, 2018), <https://www.nytimes.com/2018/01/31/us/politics/trump-russia-hope-hicks-mueller.html>.

²⁴ See Karoun Demirjian, *In Russian Probe, Hope Hicks Refuses to Answer Questions about Trump Administration*, WASH. POST (Feb. 27, 2017), https://www.washingtonpost.com/powerpost/house-russia-probe-investigators-set-to-question-hope-hicks-but-will-she-answer/2018/02/27/3b2c5dfe-1b78-11e8-9de1-147dd2df3829_story.html?utm_term=.c2d97e531c20.

reported that she “was sending frequent text messages” to Don Jr. during the Air Force One flight about the statement then being dictated by President Trump and served as the intermediary in the drafting process.²⁵ Ms. Hicks apparently knew about the June 2016 emails between Mr. Goldstone and Don Jr., having reportedly remarked the next day to Mark Corallo, the spokesman for the legal team, that these emails “will never get out,” because only a few people have access to them.²⁶

- In his September 7, 2017, interview before the Senate Judiciary Committee, Don Jr. admitted he had personally reviewed the June 2016 emails for the purpose of making the July 8, 2017, statement to the *New York Times*.²⁷ Don Jr. claimed in his Senate Judiciary Committee interview that he did not know if the June 2016 emails were also reviewed by the President or his team, but he was not questioned about his text messages to and from Hope Hicks.²⁸ Indeed, Donald Trump, Jr. has refused to testify about his conversations with his father regarding this and other subjects, citing attorney-client privilege.²⁹
- As described in the section below, both Mr. Trump’s lawyer and spokesperson – likely at President Trump’s direction – sought to cover-up Mr. Trump’s

²⁵ See Jo Becker, Mark Mazzetti, Matt Apuzo, & Maggie Haberman, *Mueller Zeros in on Story Put Together about Trump Tower Meeting*, N.Y. TIMES (Jan. 31, 2018), <https://www.nytimes.com/2018/01/31/us/politics/trump-russia-hope-hicks-mueller.html>.

²⁶ See *id.*

²⁷ Interview of Donald J. Trump, Jr., before the Senate Judiciary Committee, 115th Cong. 134-36 (Sept. 7, 2017), https://www.judiciary.senate.gov/imo/media/doc/Trump%20Jr%20Transcript_redacted.pdf.

²⁸ *Id.*

²⁹ See H. Perm. Select Comm. on Intelligence, Final Minority Status Report of the Russia Investigation 18 (Mar. 13, 2018), https://democrats-intelligence.house.gov/uploadedfiles/final_-_minority_status_of_the_russia_investigation_with_appendices.pdf.

involvement in the crafting of the July 8, 2017, statement. This subsequent cover-up is further evidence that Mr. Trump knew the statement he dictated was misleading.

2. Mr. Trump, through His Attorney and Spokesperson, Tried to Cover-up His Role in the Crafting of the July 8, 2017, Statement.

As mentioned above, Donald Trump dictated a statement issued by his son to the *New York Times* on July 8, 2017, regarding the Trump Tower Meeting. But on July 9, 2017, the *New York Times* broke its story that demonstrated this July 8, 2017, statement issued by Don Jr. and crafted by his father, was misleading. In this second story, the *New York Times* reported that Don Jr. was “promised damaging information about Hillary Clinton before agreeing to meet with a Kremlin-connected Russian lawyer . . . ,”³⁰ a fact concealed in the July 8, 2017 statement that Mr. Trump crafted. Don Jr. then issued a *second* statement clarifying the meeting’s actual purpose.³¹ What followed was a series of misrepresentations about President Trump’s involvement in formulating the July 8 statement:

- The first person to respond on the President’s behalf to press inquiries about the misleading July 8 statement was the President’s personal lawyer, Jay Sekulow. In an interview with CNN’s Chris Cuomo, on July 12, 2017, Mr. Sekulow said: “I wasn’t involved in the statement drafting at all nor was the President.”³² Mr.

³⁰ Jo Becker, Matt Apuzzo, & Adam Goldman, *Trump’s Son Met with Russian Lawyer after Being Promised Damaging Information on Clinton*, N.Y. TIMES (July 9, 2017), <https://www.nytimes.com/2017/07/09/us/politics/trump-russia-kushner-manafort.html>; see also Liam Stack, *Donald Trump, Jr.’s Two Different Explanations for Russian Meeting*, N. Y. TIMES (July 9, 2017), <https://www.nytimes.com/2017/07/09/us/donald-trump-jrs-two-different-explanations-for-russian-meeting.html>.

³¹ Liam Stack, *Donald Trump, Jr.’s Two Different Explanations for Russian Meeting*, N. Y. TIMES (July 9, 2017), <https://www.nytimes.com/2017/07/09/us/donald-trump-jrs-two-different-explanations-for-russian-meeting.html>.

³² See *New Day*, CNN (July 12, 2017), <https://www.cnn.com/2017/07/12/politics/jay-sekulow-trump-lawyer-trump-jr-emails-russia-new-day-cnn/index.html>.

Sekulow reiterated the claim that the President was uninvolved later the same day on ABC's *Good Morning America*. There, Mr. Sekulow said the President "was coming back from the G-20. The statement that was released on Saturday was released by Donald Trump, Jr. I'm sure in consultation with his lawyers. The President wasn't involved in that."³³

- On July 16, 2017, Mr. Sekulow repeated his false narrative to Chuck Todd on NBC's *Meet the Press*: "I do want to be clear—that the President was not involved in the drafting of the statement and did not issue the statement."³⁴
- Subsequently, on July 31, 2017, the *Washington Post* first reported that the President "personally dictated a statement in which Trump Jr. said that he and the Russian lawyer had 'primarily discussed a program about the adoption of Russian children.'"³⁵ This led to additional press questions of the White House. Thus, on August 1, 2017, the White House Press Secretary, Sarah Huckabee Sanders, admitted that President Trump had been involved in the crafting of the statement, but continued the deception by stating at a press conference: "The President weighed in, as any father would based on the limited information that he had. . . .

³³ See *Good Morning America*, ABC (July 12, 2017), <https://abcnews.go.com/GMA/video/jay-sekulow-reacts-donald-trump-jrs-account-meeting-48584033>.

³⁴ See *Meet the Press*, NBC NEWS (July 16, 2017), <https://www.nbcnews.com/feature/meet-the-press-24-7/meet-press-july-16-2017-n783491>.

³⁵ See Ashley Parker, Carol D. Leonnig, Phillip Rucker, & Tom Hamburger, *Trump Dictated Son's Misleading Statement on Meeting with Russian Lawyer*, WASH. POST (July 31, 2017), https://www.washingtonpost.com/politics/trump-dictated-sons-misleading-statement-on-meeting-with-russian-lawyer/2017/07/31/04c94f96-73ae-11e7-8f39-ceb7d3a2d304_story.html?utm_term=.6d2fe638605b.

He certainly didn't dictate, but like I said, he weighed in, offered suggestions like any father would do."³⁶

- It was only in a letter issued by Mr. Trump's lawyers to Special Counsel Mueller, dated January 28, 2018 (and first publicly reported by the *New York Times* in June 2018), that the truth emerged – *i.e.*, that Mr. Trump dictated the June 8, 2017 statement his son issued to the *New York Times*.³⁷

Although it has not been proven that President Trump directed his lawyer and the White House press secretary to make the misleading statements they made on his behalf, the known evidence strongly points to Donald Trump being a person who sought to hide the truth about his actions through the statements issued by his lawyer, and the press secretary.³⁸ At the very least, Mr. Trump stood by silently while his representatives made these false statements on his behalf.³⁹

³⁶ See Abby Phillip, *White House Says Trump Weighed in on Son's Russia Meeting Statement 'As Any Father Would,'* WASH. POST. (Aug. 1, 2017), https://www.washingtonpost.com/news/post-politics/wp/2017/08/01/white-house-says-trump-weighed-in-on-sons-russia-meeting-statement-as-any-father-would/?utm_term=.e65e0b854fda.

³⁷ See letter from John M. Dowd & Jay A. Sekulow, Counsel to the President, to Robert S. Mueller, Special Counsel, Re: Request for Testimony on Alleged Obstruction of Justice (Jan. 29, 2018), *reprinted in The Trump Lawyers' Confidential Memo to Mueller, Explained*, N.Y. TIMES (June 2, 2018), <https://www.nytimes.com/interactive/2018/06/02/us/politics/trump-legal-documents.html>.

³⁸ It would strain credulity to believe that Mr. Trump did not communicate with his lawyer and/or the press secretary about their representations made on his behalf.

³⁹ Mr. Trump's current lawyer, Rudolph Giuliani, has recently expressed his own lack of confidence in Mr. Trump's ability to tell the truth, telling Chuck Todd on *Meet the Press* that he did not want his client to be interviewed by Robert Mueller in order to avoid having him commit perjury. See *Meet the Press*, NBC News (Aug. 19, 2018), <https://www.nbcnews.com/meet-the-press/meet-press-august-19-2018-n901986>.

For all the reasons indicated above, it is respectfully submitted that this Board has sufficient evidence of Donald Trump's dishonesty to recommend the issuance of an order to show cause.⁴⁰

August 21, 2018

Respectfully submitted,



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⁴⁰ 25 D.C. Code § 447(c) provides that the Board shall order the licensee subject to a complaint to appear before the Board to show cause why the license should not be revoked or suspended after “receiving evidence supporting a *reasonable belief* that any licensee . . . is in violation of the provisions of this title. . . .” (emphasis added).